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GENERAL NUT clips wings of Left

Action to stop Left-wingers of other minorities dominating union elections was taken at the National Union of Teachers conference at Eastbourne yesterday.

Spain Cabinet in trouble over Communist issue

An Admiral Pita da Veiga, Spanish Navy Minister, was reported to have resigned in protest at the Cabinet's decision to legalise the Communist Party.

Owen mission

Dr David Owen, Foreign Secretary, arrived in Cape Town last night for the most crucial stage of his attempt to obtain a conference to draw up an independence constitution for Rhodesia.

Desai visit

Mr. Morarji Desai, the 51-year-old Prime Minister of India, is to lead his cabinet delegation to the Commonwealth conference in London in June.

Offer to Agee

Mr. Philip Agee, the former U.S. Central Intelligence Agency officer, whose deportation from London has been ordered on security grounds, can go to Holland for up to three months, it was stated in the Hague.

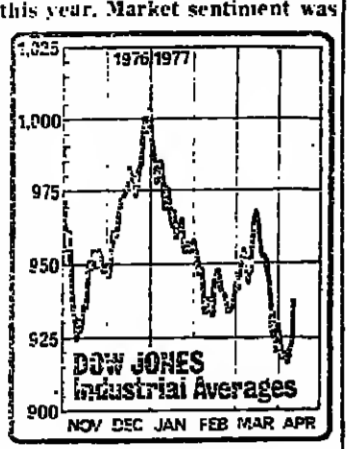
Ray Gunter dies

Mr. Ray Gunter, a former Labour Government Minister and a former Member of Parliament for Southwark, has died at his home in Southwark.

Briefly

Mr. Liam Cosgrave, Prime Minister of the Irish Republic, discussed with senior Ministers the looming confrontation between his Government and the Provisional Republican movement.

BUSINESS Wall St. up 13.06; gilts lose ground



WALL STREET rose 13.06 to 937.15 in the strongest advance this year. Market sentiment was buoyed by improved corporate earnings and better prospects on interest rates and inflation.

STERLING gained 71 points

STERLING gained 71 points to close at \$1.7195, but its trade-weighted index slipped to 91.6 (11.8) per cent. Dollar's trade-weighted depreciation widened to 1.25 (1.02) per cent.

Ford to switch Capri output

FORD will switch production of its Capri model back to its Halewood plant only a year after manufacturing was moved to Germany.

POST OFFICE will ask the EEC

POST OFFICE will ask the EEC Social Fund for financial help with the retraining of technicians whose jobs are threatened by new technology.

LEADERS of the TGWU will support

LEADERS of the TGWU will support the principle of another round of incomes policy at their July conference, despite a host of resolutions from sections of the Union opposing it.

GENERAL ELECTRIC has dropped

GENERAL ELECTRIC has dropped plans to take a 90 per cent stake in the French company, Claude, apparently because of nationalisation worries in the wake of recent Left-wing election gains.

CHIEF PRICE CHANGES YESTERDAY

Table with 2 columns: Item and Change. Includes Turner Pollister, Asst. TV, Booker McConnell, etc.

Union leaders try to defuse British Airways dispute

BY ALAN PIKE, LABOUR STAFF

An attempt to defuse the worsening British Airways dispute was made by union leaders last night only hours after the action had developed into a total unofficial strike.

Representatives of unions on the National Joint Council for Civil Air Transport offered to withdraw an agreement under which they are doing work of the Amalgamated Union of Engineering Workers strikers if this would lead to a re-opening of negotiations.

The agreement, which has enabled British Airways to restore about half of its European services this week, is regarded as a "blackleg's charter" by the engineers and was instrumental in shop stewards deciding to develop the dispute into a full strike earlier yesterday.

Finance Bill to adjust tax on accommodation

BY MICHAEL LAFFERTY, CITY STAFF

THE FINANCE BILL to adjust the existing law on the taxation of living accommodation provided for employees and working directors will be introduced in the House of Commons on April 19.

This was announced yesterday in a Commons written answer by Mr. Robert Sheldon, the Financial Secretary to the Treasury.

'Swiss clients' buy hotel for £6m

BY QUENTIN GUIRDHAM

THE CHELSEA HOTEL in Sloane Street, London, has been sold by Adda International for £6m, cash. The anonymous buyers were described by their London solicitors yesterday as "Swiss clients."

Peachey asks Miller to resign

BY OUR PROPERTY STAFF

LESS THAN a fortnight after stating that it was pleased that Sir Eric Miller would continue as a director, the Board of Peachey Property Corporation is demanding his resignation.

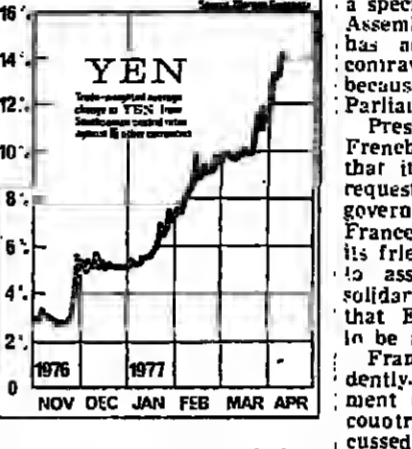
This change in attitude by his three fellow directors was made public in a brief statement last night. The Board, it said, "announce that they have asked Sir Eric Miller to resign as a director, but that he has declined to do so."

Yen goes higher against dollar

By Charles Smith, Far East Editor

TOKYO, April 12. THE YEN strengthened again on the Tokyo foreign exchange market today, closing at 51 to 127.75 compared with Monday's closing rate of 51 to 127.2.

The yen has been gaining ground against the dollar steadily since late January. Until recently the Government appears to have been content to let it move upward without hindrance but since the beginning of last week, when there were especially sharp rises on two consecutive days, there have been signs of official concern.



delay the rate of appreciation, buying as much as \$100m. on one day. The Bank was thought to have intervened again today.

Japan's vice-minister of Finance, Mr. Matsukawa, said on Thursday last week that he felt artificial speculative influences were now forcing up the yen exchange rate as well as "natural factors such as a strong inflow of dollars resulting from the high level of Japanese exports."

French role in Zaire war 'to end this week'

BY ROBERT MAUTHNER PARIS, April 12.

GISCARD D'ESTAING, the French President, said tonight that France had no intention of becoming involved in a "Vietnam-style" war in Zaire and that French aircraft, used to ferry Moroccan troops to that country, would complete their mission at the end of this week and return home.

French troops would not take part in any military operations in Zaire, he said. The President was replying in a television interview to strong criticism of his action by spokesmen of the Socialist-Communist Opposition, who have described France's intervention as "a colonialist adventure with inexcusable consequences."

Mr. Robert Ballanger, the leader of the Communist Parliamentary Group, has called for a special debate in the National Assembly on the subject and has accused the President of contravening the constitution because of his failure to consult Parliament.

President Giscard justified the French decision by emphasising that it had been taken at the request of two friendly African governments, Zaire and Morocco. France did not want to abandon its friends in Africa, he stated.

Table with 3 columns: Item, Price, and Unit. Includes U.S. take-over wave, NEB and a paper-maker, Hunting of the Krill, etc.

Advertisement for Boshuwa Bank with text 'ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE' and 'BOSHUWA BANK'.

Handwritten text at the bottom of the page: 'هذا من الاصل' (This is from the original).



هكذا من اجل

Opernhaus Zürich

Die Zauberflöte

by RONALD CRICHTON

On the way from Paris to Salzburg, the Salzburg Opera House at Zürich offered a new Zauberflöte—a work notoriously difficult to get right, more likely to bring rewards in a medium-sized house like this one than on the world's grander stages.

The settings by Fritz Butz are brightly painted (yes, painted!) cloths which can change in a twinkling without visible assistance. Jan Stappely's costumes are fine illustrations with a touch of the surreal.

New Daphne guide

Arthur Heller by the way, your notice to be given 50th birthday, which is this year by the way, is a fine piece of work.

There is an outstanding Sarastro from the Finnish bass, Matti Salminen—young, energetic, not a passing fancy, but a real singer.

Covent Garden

Tosca

by RONALD CRICHTON

The first of the season's Midland Bank Frimas at the Royal Opera brought a Tosca which might be pleased to see on Bank Holiday, with the famous Zeffirelli production carefully reproduced by Richard Gregson.

Luciano Pavarotti, the Cavaretti, has apparently lost about three stone in weight without endangering his admirable voice.

Peter Glossop's Scarpia is a course-grained brute, more grotesque than sinister. Such a reading is conceivable, but not with such hand, heavy singing, the voice once adrift, is still there behind the bluster.

Booker Prize panel

The National Book League, administrator of the Booker Prize, Britain's largest fiction prize, worth £5,000 to its winner, has announced the panel of judges for 1977.

New post for Scottish Opera chief

Mr. Peter Hemmings, general administrator of Scottish Opera for 14 years, will be leaving the company in the autumn.



George Donn as The Poet and Suzanne Farrell as Laura in the Béjart Ballet's 'The Triumph of Petrarch', which opened last night at the Coliseum

The Fitzwilliam Museum, Cambridge

Tolly Cobbold/Eastern Arts Open Exhibition

by WILLIAM PACKER

Philanthropy may well be bad for the soul of the philanthropist, but it is very good for the artist when it comes to his work. But the day of private patronage on a grand scale appears to be over.

Of course we have the Arts Council, and should be grateful, but how ably it is treated for the work it does, how hard it has to work, how unreliable its public funding. Our great holdings are not entirely without success.

The glib assurances that a wealth tax would make so much more available for the benefit and enjoyment of the people are exposed as the lies they are.



John Rogers (untitled, all on canvas)

Covent Garden

Collier and Barishnikov

by CLEMENT CRISP

Like those very grand motorcars that can accelerate from starting to 50 miles an hour in a few seconds, Mikhail Barishnikov generates a dance energy, creates a dynamic image, with extreme and extraordinary speed.

Television

Rich Waters but poor Roots

by CHRIS DUNKLEY

Since so many of us have complained so bitterly in the past about the way that the BBC and ITV have habitually released waves of new series simultaneously, ensuring that we can watch only a fraction of the good stuff, we really must make our gratitude known now that they seem to have mended their ways, at least partly.

Early in January it was the BBC that pushed the boat out with a list of new series headed by The Age of Uncertainty and The Secret War. Then, towards the end of February, ITV took over and launched Romance, Tom O'Connor, Raffles and so on.

And now with Roots, Esther Waters, Ariot and Trueman or Cricchet (which started quietly but looks set to become compulsory viewing) as well as returning series such as Z Cars, it is the BBC's turn again.

This is not to suggest that ITV completely gives up launching new material while the BBC does its stuff, or vice versa. ITV has just started running Power Without Glory which looks to be the best drama serial to come out of Australia yet—but it is to suggest that in the last few months there have been fewer clashes than there used to be.

Certainly the BBC has now developed a very powerful Sunday evening Jubilee on BBC 1 which is a collection of 13 angle plays 'reflecting life in the last 25 years', and although there is often an overly studied feeling about the references to topical events (Mau Mau reports in the quite touching opening play, Almost Tomorrow, by Ray Connolly for instance, and a whole catalogue in this week's The White Elephant by Leslie Sands: the opening of ITV, which we are so accustomed to, is nevertheless a lot of simple pleasure to be gained from affectionate nostalgia when the reminders do not seem too contrived—the signature tune of Music While You Work, or Connolly's accurately captured atmosphere in the home of one of the Empire's last civil servants.

It is neither the most demanding nor the most enlightening of drama series but it will no doubt be greatly enjoyed by those who are not averse to a little of the old-fashioned, but it is not a series which I would turn to for the sake of a soap opera which, at last, takes the lives of one black family and instead of evading and hiding the fact that some white people used to buy and sell the bodies of some black people, actually shouts about the reminder and exploits the fact—for the sake of this, one could overlook even the absurd table-turning division into 'black skin good, white skin bad'. (Any white not at all complimentary is a hypocrite.) What cannot be overlooked or forgiven is the unconscionable slowness of the whole thing. It



Gabrielle Lloyd and James Laurensen in 'Esther Waters' (BBC 2)

turned to the participation of black men, particularly chiefs, in the organisation and administration of the slave trade.

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Paintings for museums

A Nicholas Hilliard miniature, Portrait of an Unknown Young Man, has been left to the Victoria and Albert Museum under the will of the Oxford tutor John Bryson. He has also bequeathed Mlle Nude by Cezanne; Female Nude, by Modigliani, and Bullerina, Jockey and Seated Man playing fiddle by Degas to the Ashmolean Museum in Oxford, along with works by Rossetti and William Morris.



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# EUROPEAN NEWS

## Lisbon lags in cutting down State ownership

By Our Own Correspondent LISBON, April 12

THE EXTENDED deadline for the disposal of about 270 Portuguese companies taken over by the State before the present Socialist government took office expires today, with only 36 of them having been removed from State control, and a further 20 declared bankrupt.

These small and medium-sized companies had been either seized by the workers, or management, unable to cope with big salary demands, militancy and low production, had requested State intervention. There is no official figure, but many billions of escudos have been spent to support non-productive businesses.

Now, however, the Government can no longer afford to keep up the subsidies. In December companies were instructed to prepare reports on four courses of action: Declaration of bankruptcy; mixed capital enterprise; return to former owners or formation of a co-operative.

The appropriate ministry studies each case, and the Council of Ministers makes the final decision on the disposal of the company. The whole process was originally to have been finished by February 28, but the deadline was then extended to April 12.

Most of those companies the State has managed to divest itself of have been restored to their former owners. According to Communist newspapers, this is equivalent to the return of Fascism. The Communist Party has officially called for the immediate suspension of "disintervention," as it is called, and many companies are threatening to organise strong worker resistance.

A trailer manufacturing company, for example, has been paralysed since April 1, the owner having to enter his office escorted by the police. Delays have also been caused by long drawn-out negotiations between the Government and the owners who are not always that anxious to have their companies back in the condition they are at present in.

The issue has more political than economic significance. The Government, burdened with constant crises since it took office, has not been able to act swiftly enough and "disintervention" has become a focus for social tension with organised Communist resistance.

## SOVIET TECHNOLOGY

# Expert-import

BY DAVID LASCELLES

WHEN CONCORDE made its maiden flight, the Russians in 11 major industries the exulted over the fact that part of the undercarriage had been made of metal produced by a Soviet process. When their own Concorde took to the air, they made somewhat less of the fact that it contained a fair amount of Western electrical and engine components. Understandably perhaps, the Russians talk little about their dependence on Western technology, though by many Western estimates it goes some way towards explaining their policy of détente. But just how important is Western technology to the Soviet economy?

Nato's Economic Directorate has published the proceedings of a special meeting held last year which tackled this question, and others such as why the Soviet bloc lags in its technology, and what it proposes to do about it. The existence of a lag is not in doubt. In 1974 the Soviet bloc imported about six times as much in technology-related goods from the West as it exported; these imports were worth about \$8bn. Most were of machinery, vehicles, chemicals, electrical and electronic goods.

Much of the second and third generation computer technology now used in Comecon is estimated to have been imported from the West—despite western curbs imposed on computer exports for military reasons.

The Russians themselves have admitted that in 1973 over three-quarters of their total compound fertiliser production came from imported plant. This piece of information slipped out in an article by the head of a foreign trade organisation, Tekhnashimport, describing the contribution of his organisation to Soviet development.

Since 1973 and the harvest disasters, imports of fertiliser plants have been stepped up, which suggests that the degree of dependence will have risen too.

According to Dr. Philip Hanson, Birmingham University's expert on Soviet technology, fertiliser plant imports are now saving the Russians a net \$4bn. a year on their farming budget. The imports themselves having cost some \$2bn.

American economists who examined the impact of western machinery imports on the Soviet economy calculated that they added about 20 per cent to the value of Soviet industrial output between 1968 and 1973. The figure now is thought to be somewhat lower, not even if it is 15 per cent. The impact is considerable.

Perhaps the most significant of all was the finding by a

group of British economists that Russians did not appear to have narrowed the technology gap in the past 15 to 20 years. The reasons are partly faults in the Soviet research and development system, and partly the growing and officially encouraged habit of relying on foreign rather than domestic technology to bring about progress. Soviet R and D, despite incontestable successes, suffers from excessive secrecy, due, many people believe, to the need to conceal Soviet backwardness. All but the most harmless information is classified, and

It can take up to four years for a Soviet scientific paper to see the light of day. Several scientists can work simultaneously on identical projects without anybody knowing they are duplicating efforts...

though the Russians import stacks of western technical literature, only top-secret establishments get to see it quickly. It can take up to four years for a Soviet scientific paper to see the light of day. As a result several scientists can work simultaneously on identical projects without anybody even their superiors knowing that they are duplicating efforts.

R and D techniques can also be amazingly backward. A survey of 300 design offices showed that 85 per cent of them copied drawings by hand, with pen and ink. Photocopiers were virtually unknown.

The application of research findings to the economy faces a whole set of obstacles. Although the scientific establishment has now been brought closer to industry by the creation of "science-production associations," there is still a wide enough gulf between the two for co-operation to fall short of the optimum.

Most sectors of industry are still deeply resistant to change. Innovation to factory managers does not mean improvement but disruption, with all that it implies for bonuses, plan targets and an untroubled life. Also, factories prefer to use all available resources to reach the targets, rather than set some aside for experimentation. These attitudes not only make it difficult to introduce new ideas, they also demoralise the scientific community. And even if new

projects get the go-ahead, the in achieving full production the average delay in last Plan was 50 per cent on than planned.

Resistance to change may explain the limited diffusion of know-how gained from imports. The Nato meeting agreed that technology imports tend to be a once-for-all impact on a particular sector; they do not in fact act as seeds for the growth of new ideas. In fact, there is a sign that the policy of importing technology deadened rather than stimulated the home-grown variety, because it offers the easy way out. Hence if this is provided by Soviet interest in on-going technology deals—contracts in the western partner not sells a particular process, agrees to pass on subsequent improvements.

One point made at the meeting is that technical know-how is well known. Until the Soviet permits a freer flow of scientists and technicians between and West it will miss out many of the new ideas that are going the rounds, and it also fails to make the best of whatever know-how it import.

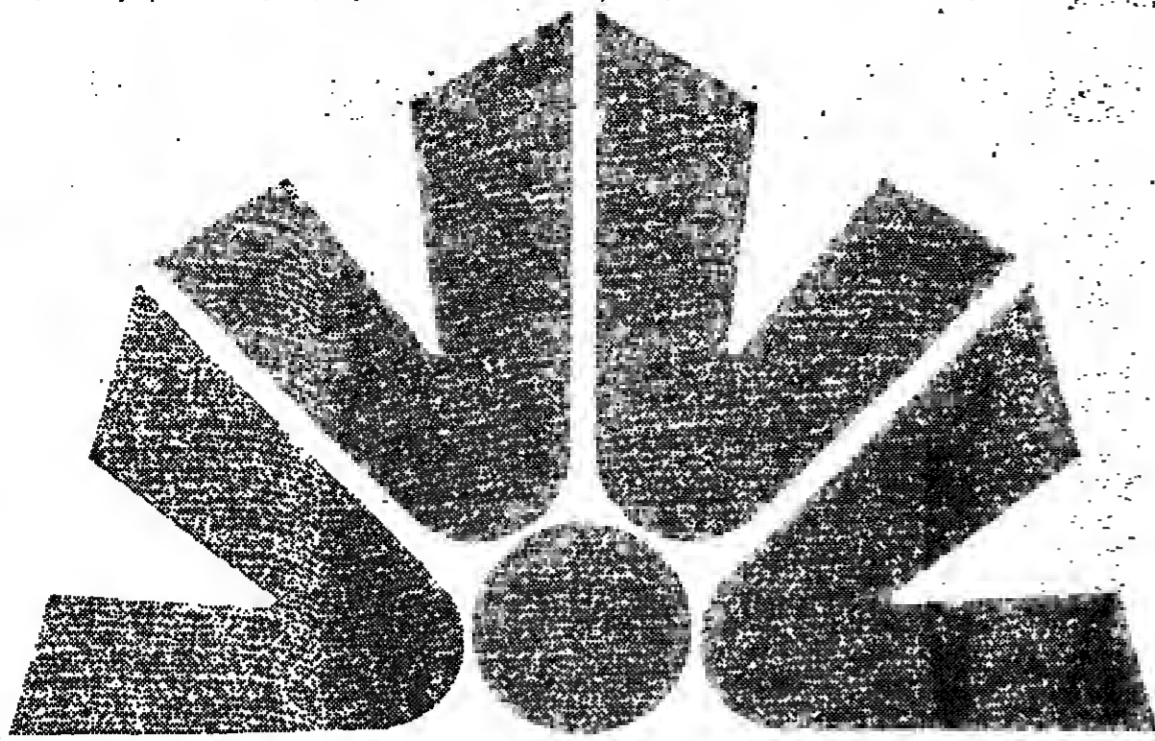
But the signs are that the Russian's extreme touch about their technological they are fully aware of it. The new Five Year Plan "plan of quality and efficiency" lays heavy stress on the for technological improve. A greater share of invest will also be spent on bringing industry up to date. The contains a detailed section science and specifies a range of tasks, including faster application of invest and closer links between scientists and the factory.

At the same time bold pressure and Mr. Koryzma it clear at last year's Congress that they foresaw continued policy of import technology, especially on a pension or buy-back basis.

Should the West try to either than highly sensitive ports? If so, how can it interests be reconciled with of private enterprise? One solution is a "tech-emigration tax" which makes it uneconomic for

panies to export technology. Another is to use all available resources to reach the targets, rather than set some aside for experimentation. These attitudes not only make it difficult to introduce new ideas, they also demoralise the scientific community. And even if new

On the other hand, the report also recognises national interest and gain come very close, in case controls may not be necessary.



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# Government, military crisis looms over Spain Communists

BY ROGER MATTHEWS MADRID, April 12.

Prime Minister Juan Carlos and Prince Juan Suarez sought to avert a potential governmental crisis in Spain tonight over the Cabinet's decision to legalise the Communist Party.

Deputy Prime Minister Leopoldo Calvo-Sotelo said that there had been a serious lack of consultation by the Prime Minister and that the favourable publicity he had been receiving in some sections of the national Press had perhaps caused him to force that there were other ministers of weight in the Cabinet.

## Barre planning selective measures to create jobs

BY ROBERT MAUTNER PARIS, April 12.

THE FRENCH Government is planning a number of selective measures to stimulate economic activity and create jobs.

The measures are expected to be included in the new Cabinet's policy plan for the next 18 months, due to be presented to the National Assembly by the Prime Minister, M. Raymond Barre, on April 26.

## A FINANCIAL TIMES SURVEY ON ITALY

April 13, 1977  
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# Charter flights booming in Sweden

NEARLY 1m. Swedes went on charter flights during 1976.

The Swedish Board of Civil Aviation reports that the number of Swedes who went on charter flights during 1976 was 950,000.

## OPEC experts meet

Experts of the Organisation of Petroleum Exporting Countries (OPEC) met in Vienna.

The meeting was the first since the OPEC summit in Caracas last year. It was held in Vienna from April 11 to 15.

## Polish Press

The Communist Party newspaper Trybuna Ludu said yesterday.

There are no subjects in Poland that cannot be touched by press criticism. UPI reports from Warsaw.

## Bonn terrorist hunt

Germany's Interior Minister, Herr Werner Altmayer said yesterday.

Police are looking for 20 terrorists in connection with the murder of Herr Siegfried Buback, West Germany's Chief Prosecutor.

## Belgo-Lux deficit

The January trade balance of the Belgo-Luxembourg Economic Union (BLEU) showed a deficit.

The deficit was 1,209 million francs in December 1976, after a surplus of 8,107 million francs in January 1977.

## Steel unions talks

Trade unionists from leading steel producing countries are to discuss the current crisis in the world steel industry.

The meeting will be held in Frankfurt today according to the International Metalworkers' Federation.

## Norwegian aid

The Norwegian Government has given Portugal 200 million kroner.

The aid is to be used to build a hospital in the northern Trás-os-Montes province.

## Austrian deficit

Austria had a current account surplus of 3,400 million schillings in February.

The surplus was 4,800 million schillings in January and 9,800 million schillings in February last year.

# Gloomy forecast by W. German industry

BY GUY HAWTHIN FRANKFURT, April 12.

WEST GERMANY'S leading industrial concerns appear to be pessimistic about economic prospects for 1977.

Despite the medium-term prospects appear to be more healthy this year than they did 12 months ago, and this is likely to have a positive effect on industrial investment.

## Italy Socialists seek new party line-up

BY DOMINICK J. COYLE THE EASTER political vacation in Italy seems likely to be short-lived.

The Socialist Party is expected to meet within the next couple of days to resume a round of bilateral discussions with the principal parties aimed at securing a new majority in Government.

## Money system may be simplified

A possible simplification of the Italian monetary system by the introduction of a "heavy" or new lira was freshened yesterday by Sig. Gaetano Starnelli.

Starnelli, the Treasury Minister, writes our Rome correspondent that the implications of a revised system are well advanced and suggest that the Government might favour the introduction of a new lira.

# E. Europe cosmonaut may orbit next year

By Leslie Collier EAST BERLIN, April 12.

THE FIRST non-Soviet European in space, an East European, could be launched into orbit as early as autumn of next year, according to an East German space scientist.

Cosmonauts from Eastern Europe, Mongolia and Cuba are currently undergoing training at Star City outside Moscow.

## Swiss prices fall

Switzerland's consumer price index fell 0.2 per cent in March.

The index stood at 100.1 in March 1977, down from 100.3 in February.

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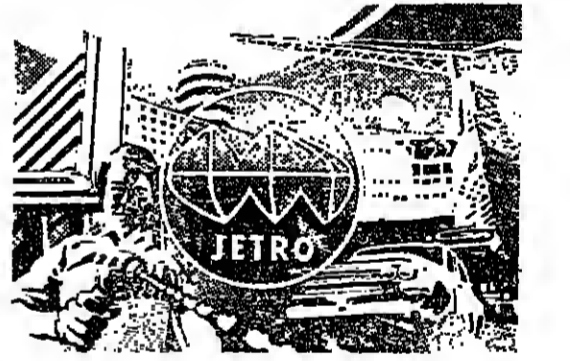
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AMERICAN NEWS

Venezuelan President to tour MidEast

Venezuela President Carlos Andres Perez will begin a 10-day tour of the Middle East on April 20, writes our Caracas correspondent. He is expected to discuss the dual-pricing system for oil with other OPEC members...

Strong advance in retail sales for second month

BY DAVID BELL

U.S. RETAIL sales advanced strongly last month for the second month in a row providing further evidence that the economy is recovering rapidly from the effects of the severe winter. The Commerce Department reported that in March retail sales climbed by 2.4 per cent...

noted today that unemployment remains very high and that the figures should not make anyone think we don't need to do anything about the economy. She said that the Department expects continued good sales for the rest of the year...

WASHINGTON, April 12.

Honda may build U.S. motorcycle factory

TOKYO, April 12. HONDA MOTOR Company has said that it is considering a plan to manufacture its motorcycles in the U.S. but declines to comment on a report in a Tokyo newspaper that it will start construction of a factory on the U.S. West Coast at a cost of over \$100m...

THE U.S. STEEL INDUSTRY

Pressure for protection as profits remain low

BY ANTHONY COCKERILL

THE PROBLEMS of the U.S. steel industry are similar to those of other nations: rising costs, low profits, faltering demand, and inadequate investment. Whereas producers elsewhere are turning increasingly to their Governments for assistance, this remedy has so far been eschewed in the U.S. in favour of free enterprise solutions...

at between \$1.3bn and \$1.5bn a year. In addition, the industry will have to find between \$2bn and \$2.4bn, annually to maintain, existing facilities. The introduction of more stringent standards for pollution control is also increasing the burden on companies. An extra \$800m or \$1bn, annually will be needed to raise existing plant to meet the 1983 pollution standards...

Chile condemned

The secretary of the inter-parliamentary union yesterday described the military government of Chile as one of the most totalitarian regimes ever known. UPI reports from Canberra. In a report to the 120th meeting of the union, it pointed out that President Augusto Pinochet himself described Chile's new constitutional framework as "totalitarian democracy."

Brazil delay

President Ernesto Geisel has delayed his announcement of a massively restructured Brazilian political system, originally expected on Monday, UPI reports from Brasilia. The President has cancelled a trip scheduled for Thursday, indicating that Congress is likely to remain recessed until at least next week.

Argentine petition

Twelve Argentine families have filed a petition with the Supreme Court seeking information on the disappearance and apparent arrest of 425 persons, among them a prominent labour leader and a former university rector. UPI reports from Buenos Aires. The petition said writs of habeas corpus had been filed in all cases with no result.

IMF terms for Peru opposed

BY HUGH O'SHAUGHNESSY

THE PRESIDENT and four directors of the Peruvian Central Bank are opposing conditions the International Monetary Fund (IMF) is laying down for the granting of large new credit. The Central Bank officials, according to a report by Inter Press Service, have written a memorandum to Dr. Luis Borda, the Economy Minister, protesting that the conditions suggested by the Fund for any new loan are too stringent. The Fund is reported to be calling for the limiting of inflation this year to 15 per cent, as against a rate of 25 per cent, favoured by the Bank and a level of 45 per cent last year. The Fund is also calling for a tight ceiling on Government expenditure. This is taken to imply a reduction of Government subsidies on staples, a rise in the price of petrol, a big new devaluation of the sol and an increase in taxation.

calls for municipal elections in a year and full national general election in 1980. The Aprista Party of the veteran populist leader Sr. Victor Rada Haya de la Torre has demanded the lifting of the Government's emergency measures so that public discussion can be less inhibited. There has been speculation recently that a Partido Velasquista, a political group taking its inspiration from the former President, General Juan Velasco, and seeking to put into practice the radical policies of the early years of the military Government, would be launched.

WASHINGTON, April 12.

No soya curb

WASHINGTON, April 12. The U.S. State Department has sent cables to U.S. embassies and missions informing them an embargo on American soybeans exports is not under consideration. Diplomats said the cable reinforced recent statements by Mr. Bob Bergland, the Agriculture Secretary. It said the current situation was completely different from 1973, when the U.S. imposed a limited embargo on soybeans. Reuter

U.S. PRODUCTION AND APPARENT SUPPLY OF STEEL

Table with 4 columns: Item, 1975 Million tons, % Change from previous year, 1976 Million tons, % Change from previous year. Rows include Crude steel production, Shipments of steel mill products, Crude steel production, Exports, Imports, and Apparent supply (2-3+4).

and steel shipments were both up by a tenth or more. But they were still well below the boom year level of 1973, when 151m net (or short) tons of crude steel were produced. Imports rose by almost one-fifth. Despite the modest up-turn in overall demand, the profitability of the leading producers has remained low, reflecting the depressed state of the construction industry, the rising costs of raw materials, energy and labour, competition from the small independent mills and from imports, and Government pressure to contain prices.

for meeting part of the shortfall by raising new equity seem slim, because of the industry's low profitability, although both United States Steel and Inland managed to float new issues during 1976. In Professor Marshall's analysis, sufficient price increases were assumed to match rises of raw material and labour costs. But the state of demand and the Government's concern with inflation make it unlikely that any further contribution to cash flow will come from this source.

The industry is pressing some protection from the tide of imports. In June of last year, President Ford imposed quotas on imports of steel for a period of five years. In October, the AISI filed a complaint alleging that the lateral agreement had reached between the EEC and Japan under which the latter will limit its shipments of steel products into EEC. As a consequence, claimed, Japanese steel will divert to the American market, further weakening the position of the major producer. The complaint is now the subject of investigation by Section 301 of the 1974 Trade Act, which empowers President to take action on unfair trading practices that hurt U.S. trade. A decision is expected shortly.

Corporate

Another means of increasing profitability is to reduce costs. The scope will depend on the level of new investment in the future, but by comparison with its international competitors, the steel industry in the U.S. has a respectable track record for efficiency. In 1973, ten man-hours were required to produce a ton of steel, a performance bettered only in Japan (8.5 man-hours), and markedly superior to the 21.4 man-hours per ton in the British industry. The cooperation of the steelworkers' union in the quest for higher productivity, and hence higher earnings, has become a major factor in this.

The steel industry favours changes in the level and structure of corporate taxation as the solution to the supply of funds problem. In 1975 the AISI put forward a five-point plan for reform. One proposal was for an acceleration in the rate at which capital costs are recovered for tax purposes, reflecting the severe effect of inflation on replacement costs. The other proposals were for a 12 per cent investment tax credit; the immediate write-off of the costs of pollution control equipment; improved provision for encouraging the discovery and exploitation of raw materials, both within the U.S. and abroad, and less onerous corporate taxes.

Estimate

At the same time the efficiency of iron production in blast furnaces and of rolling and finishing was improved. Much of this was achieved by modernising and expanding existing works — the so-called "roundout" or "brownfield" approach — but there were some brand-new "greenfield" projects as well, of which Bethlehem Steel's Burns Harbor works is the latest and largest. For the future, both the American Iron and Steel Institute and the Council on Wage and Price Stability (CWPS) estimate the long-run trend rate of growth of demand for steel at between 2 per cent and 2 1/2 per cent, annually. This is slightly lower than the forecast rate of growth of Gross National Product, reflecting the tendency for steel consumption to decline in relation to national output as the economy develops. Over the next six or eight years, an additional 3m. to 3.3m. tons of crude steel capacity a year is expected, or about 20m. tons in all by 1983.

If the steel lobbyists are unsuccessful in this, the reduced investment rates will be necessary. The industry already views with alarm the

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Advertisement for Halifax Building Society. It features three small images: a family, a person at a computer, and a building. Text includes 'Care.', 'Confidence.', 'Availability.', 'Call in any Halifax office for a friendly chat about the right savings scheme for you.', 'You can relax knowing that your money is always earning good interest.', 'We've more than 1,500 branches and agencies so, wherever you live, there's sure to be an office near you.', 'HALIFAX Get to know the security of the biggest building society in the world. Member of The Building Societies Association.'

Advertisement for TEHRAN DAILY. Large text reads 'TEHRAN DAILY 09.55 NON-STOP'. Below it says 'From May 1st, we'll have non-stop flights to Tehran, right through the week. Leaving Heathrow at a highly convenient 09.55. Arriving in Tehran in time for dinner. And all with the comfort of a 747. Ask your travel agent about our non-stop flights, or any of our eighteen flights a week to Tehran.' The IRAN AIR logo is at the bottom.

OVERSEAS NEWS

Vietnam to shift another 6m. to rural areas

ANOTHER 6m. of Vietnam's population is to be moved to rural areas, the official news agency said today. A long dispatch written by Nguyen Khai Vien, editor of the Vietnam Courier monthly magazine to mark the second anniversary of the communist capture of Saigon, said two years of "liberation" have failed to convince the Saigonese that working on the land is the best life. "In the south, there are several million people more used to doing business than to working with their hands," the article said. Vien estimates only 35 per cent of the people of southern Vietnam live outside the cities and says this must be increased to 70 per cent, which would require a shift of 6m. people to the countryside. Official Government figures say it has moved out of Saigon since the Communist capture on April 30, 1975, most of them to special new economic zones, undeveloped jungle or paddy plots. UPI

In the last of his series Lasse Jensen looks at Saigon's decline.

Tattered remains

LANDING AT the airport of Ho Chi Minh City, formerly Saigon, is like walking into a museum. Neatly lined up along the runways of what used to be the world's busiest airport stand the museum pieces: scattered and burnt-out helicopters, transport aircraft, and jet fighters in their hundreds, in sandbagged shelters. Four Russian-built Tupolev jet strips in front of the main terminal building. In the background more than 50 American-built planes are parked, side by side, painted in the Vietnamese colours. A single sentry in green, shabby fatigues, with helmet and rifle slung across his back, stands in the middle of the huge area with its enormous arsenal. Our interpreter is from Hanoi. It is his first visit to the South and he does not like what he sees. "It's too dirty and crowded," he says, "and besides, Hanoi girls are more beautiful, they don't use makeup." At first, Saigon looks like Saigon, not like Ho Chi Minh City. Crowded, busy traffic, a maze of boulevards, small streets, shops, street vendors, hawkers. Thousands of Honda motor-bikes roar, ridden by long-haired youths, with girls on the pillion seats, sitting sideways, wearing their traditional silk dresses that flutter in the air. During our first sight-seeing trip we pass the enormous building which was the American embassy. We drive along Tu Do Street, the old pleasure highway of Saigon. Most of the bars, tailor shops, Indian money-changers and airline offices have been closed, most of their owners gone with the Americans. Opposite the Caravelle Hotel, home of hundreds of correspondents and of the Australian embassy during the war, stands the Oriental Palace Hotel where Graham Greene wrote his Quiet American some 25 years ago. At that time the city must have looked as it does today; much more Vietnamese than during the war. Bicycles seem to have reappeared in their thousands. Owners of private cars must leave them at home; only motor-cycles get petrol rations, of five gallons a month. "You have to have a very good excuse to burn petrol alone in a private car," one city official tells us. American soldiers no longer stroll down Le Loi Street. Only a small handful of Europeans are left: some Swedish trade delegates, French businessmen, and a few, carefully selected visitors.

The most wanted man in 20 years of guerilla war is now a deputy Prime Minister.

We cross Newport Bridge, where the Saigon army made its last futile stand. North of the city, on our way to visit a rehabilitation centre for former prostitutes and drug addicts, we pass Bien Hoa air base, once the world's biggest military camp. The barbed wire had rusted, some of it had been removed. Small shops and huts have been erected where the warehouses have been blown up. New names, with banners and slogans are everywhere. "This is not a truly Vietnamese city," one official explains. "It is an Americanised, crime-ridden, overpopulated metropolis which—given time—will become Vietnamese again." He has spent his life here. Before the northern troops arrived he worked as a journalist on the surface, organising resistance underground. Most of the administration is run by southerners. Some of the familiar names from the Provisional Revolutionary Government of South Vietnam have been made ministers in the central Government at Hanoi. The most wanted man during 20 years of guerilla war, Pham Hung—a southerner from the Delta—is now a deputy Premier. He lives in Saigon. "We want to halve the population of Saigon from 4m. to 2m.," an official tells us. "But we have to do it carefully." The first attempts to make people leave were made in 1975. Almost 600,000 went, mostly newly-arrived refugees. "But in our haste we did not prepare adequate housing, foodstuffs and other supplies, and that created many problems. To-day we arrange these things first and then take a long time," he says. Ho Chi Minh City has kept its many of its vices. Prostitution still exists, black marketeering is rampant. But they are on the verge of becoming much happier."

Everyone is required to work with his hands now—a month's compulsory manual labour is the rule for all.

None of the observers we spoke to had seen or heard of mass arrests or executions. One southerner described the allegations as "wishful thinking of refugees." He did say, however, that the process of "re-education" had created problems. High-ranking officers and civil servants, the old "puppets" (the official designation) have now spent more than 18 months being re-educated. Conditions in their camps are reported to be harsh. They have to learn to work with their hands," one official said. "Everyone is required to work with their hands now. A month's compulsory manual labour, Chinese style, is now the rule for everybody from 'high cadres' downwards. In the countryside, one can see the work in progress. Thousands of young people, knee-deep in mud, digging an irrigation canal with their bare hands, for their food and for a day. Irrigation projects have high priority. Although the fertile land of the Mekong Delta could yield several crops a year, a decade of bombing, burning, and defoliation have created massive waste land which needs water. In the South, 16 major irrigation projects have been undertaken, according to the army daily. Nhan Dhan—in 1976, 1,627 canals, 15 dykes and 2,358 dams were built or repaired. The southern provinces of Vietnam today are a highly complex society. Most of the work takes place in the countryside. The key to development is in the rural areas. The cities can wait. But the cities have had their day. The countryside was where the war was fought, where the destruction took place, where the majority lives and the food is produced. In describing the situation in the South in 1977 the westerner always falls into the trap of describing the cities. Ho Chi Minh City is not the South. It is in fact completely different from the rest of the country. Fed and nourished by the war, it grew from a population of less than 1m. in 1954 to 4m. today. But it has a drive and sophistication which seem lacking in Hanoi. The Hondas are beginning to appear in the streets of Hanoi, too. The influx of southern cadres to high Government jobs in Hanoi has created a new atmosphere, different from the austere and disciplined way of life during the war. On the night of our return to Hanoi from the South, we watched a television show, produced in Ho Chi Minh City in a slick, American fashion. It featured Saigon singers rocking away their revolutionary songs. I asked one official in Hanoi—a southerner—who was going to the first attempt to make people leave the peace, North or South? He laughed: "There are no losers in Vietnam. Only winners. The losers are licking their wounds abroad. During the differences the North and South have been widened. There are economic systems. A family which has been divided for years acts strangely. Once together again, they learn from each other and become much happier."

Cabora dam electricity reaches S. Africa

JOHANNESBURG, April 12. THE STATE-controlled South African electricity supply commission, Eskom, is receiving its first supplies of power from the Cabora Bassa hydro-electric scheme in Mozambique, and officials here are confident that their full contract will be honoured. The leader of the invaders, main- tains that their aim is to "drive" President Mbuombu from power and set up a government of national unity. We want new rulers, not old, burnt-out rulers," he said in his first interview since the invasion began in early March. Such a declaration is not surprising, given the general sympathy in black Africa in separation and the developing internationalisation of the Zaire conflict. But the majority of General Mbuombu's force is thought to consist of former members of the batuanese gendarmerie which fought for secession from the newly-independent and formerly Belgian Congo in the early 1960s. In a telephone interview from Shaba (formerly Katanga) with Inter-Press Service in Rome, General Mbuombu said that his Congo National Liberation Front (FLNC) would accept no mediation with respect to the Mbuombu Government in Kinshasa whose "whole team will be liquidated." The general, whose forces have been moving eastwards from the Angolan border towards the key copper-mining centre of Kolwezi, said that he wanted the mines to continue functioning normally. The FLNC had no quarrel with expatriate technicians working on the mines. He alleged that French and Belgian nationals were fighting alongside President Mbuombu's forces and that some foreign troops had been advancing on the FLNC positions. The general said that his forces controlled six towns in western Shaba—Matshusha, Kasungu, Kasungu, Sander, Diolo and Kapanga. They have even punished the populations of towns which have staged demonstrations in their favour. Gen. Mbuombu, a former Katangese police officer in his mid-forties, who was sacked by President Mbuombu's regime, said that the FLNC had not cut the Benguela railway, which runs to Angola through territory which the Front holds, but was not allowing traffic on it. The current military position in Shaba is far from clear. The Kinshasa government last week headed towards Kolwezi, where President Mbuombu's troops were due in and prepared for defence. Belgian Prime Minister Leo Tindemans in Brussels has denied reports that his government has sent military advisers to Zaire since fighting broke out.

Katangans want to oust 'old rulers'

BY OUR FOREIGN STAFF

WHILE THE conflict in Zaire continues to raise increasing concern in the rest of Africa and beyond, the leadership of the rebel army fighting its way across Shaba province in the South-east of Zaire is insisting that it has no secessionist aims. General Nathaniel Mbuombu, the leader of the invaders, main- tains that their aim is to "drive" President Mbuombu from power and set up a government of national unity. We want new rulers, not old, burnt-out rulers," he said in his first interview since the invasion began in early March. Such a declaration is not surprising, given the general sympathy in black Africa in separation and the developing internationalisation of the Zaire conflict. But the majority of General Mbuombu's force is thought to consist of former members of the batuanese gendarmerie which fought for secession from the newly-independent and formerly Belgian Congo in the early 1960s. In a telephone interview from Shaba (formerly Katanga) with Inter-Press Service in Rome, General Mbuombu said that his Congo National Liberation Front (FLNC) would accept no mediation with respect to the Mbuombu Government in Kinshasa whose "whole team will be liquidated." The general, whose forces have been moving eastwards from the Angolan border towards the key copper-mining centre of Kolwezi, said that he wanted the mines to continue functioning normally. The FLNC had no quarrel with expatriate technicians working on the mines. He alleged that French and Belgian nationals were fighting alongside President Mbuombu's forces and that some foreign troops had been advancing on the FLNC positions. The general said that his forces controlled six towns in western Shaba—Matshusha, Kasungu, Kasungu, Sander, Diolo and Kapanga. They have even punished the populations of towns which have staged demonstrations in their favour. Gen. Mbuombu, a former Katangese police officer in his mid-forties, who was sacked by President Mbuombu's regime, said that the FLNC had not cut the Benguela railway, which runs to Angola through territory which the Front holds, but was not allowing traffic on it. The current military position in Shaba is far from clear. The Kinshasa government last week headed towards Kolwezi, where President Mbuombu's troops were due in and prepared for defence. Belgian Prime Minister Leo Tindemans in Brussels has denied reports that his government has sent military advisers to Zaire since fighting broke out.

Ethiopia accuses Sudanese of invasion

ADDIS ABABA, April 12. ETHIOPIA has accused Sudan of sending troops deep into its territory, who it says, are locked in battle with Ethiopian defence forces, informed sources said today. The charges were made in a protest memorandum delivered by the Ethiopian Government to the Organisation of African Unity at its headquarters here. The memorandum also accused Sudan of using artillery and tanks against Ethiopian posts on the border between the two countries, and charged that Sudan was "preparing for further invasion of Ethiopia." Sudan gives open support to secessionist guerrilla fighting Government troops in Ethiopia's northern province of Eritrea, and has also given covert support to anti-Government forces in the North-west province of Bejanulir and Simlewe. But there has been no previous report by Ethiopian officials of direct involvement by Sudanese forces. The Ethiopian and the Right-wing Ethiopian Democratic Front have been reporting considerable successes in recent weeks, including the capture of at least three towns. Reuter

Sarkis replaces security chiefs

BY USAN HIJAZI

PRESIDENT ELIAS SARKIS has appointed new security chiefs in a reshuffle of some of the major posts in the Lebanese civil service. A civilian, Mr Farouk Ahlouni, was named new head of public security, replacing Col. Antoine Dandah who has been transferred to the diplomatic service. Col. Ahmed al-Hajj, the Muslim army officer who has been commander of the Arab League peace-keeping force, was appointed commander of the "internal security forces" which comprise the national police force and the paramilitary gendarmerie. To replace Col. al-Hajj as commander of the Arab troops, President Sarkis appointed Lt. Col. Samir Farah, a Muslim who had in the past acted as the second in command of military intelligence in charge of national security. Meanwhile, efforts have been intensified to end the fighting in southern Lebanon between rival militia and Palestinian guerrillas and Lebanese left-wingers. Mr. Yasser Arafat, the

Peres' remarks worry Arabs

By Our Own Correspondent

BEIRUT, April 12. THE ELECTION of Mr. Shimon Peres to lead Israel's ruling Labour Party, a next month's general election, has caused Arab apprehension, which his statements after being chosen as party leader have not quenched. The Damascus daily Al-Bath, which speaks for the ruling Baath party, charged that Israel may now prepare for another war against the Arab States and urged these to remain in state of maximum alert. Reuter

ON OTHER PAGES International Company News: Grange recovery prospects EIB Euro-700 terms ..... 36/37 Farming and Raw Materials: Nickel supplies Portuguese timber ..... 39



Are you worried about your money? As you are to... The trouble with making it in business is that as you get more money you don't get more time. Time to spend with the many different financial specialists who could make your money work for you - and safeguard your family's future. While you're waiting around in airports or fighting the clock on the M1, you may think about your wife and children but you can't do much for them. Lloyds Bank can help. Behind every Lloyds bank manager lie the resources and skills of Lloyds Bank Trust Division - a single, specialist department with branches round the country which could handle all aspects of your personal finance. We could help you invest some of your hard-earned salary in ways that could reduce your top rate of tax. Handle your annual tax affairs - and argue your case. Tell you how you might be affected by Capital Transfer Tax and how to avoid its worst effects. Ensure that your insurance policies really meet your needs - and your family's. Act as executors of your estate so that your family is properly looked after if anything happens to you. Help you invest your savings as wisely as possible. Visit your Lloyds Bank manager and find out how much more you could be worth to your family. Money comes to life at the sign of the Black Horse

WORLD TRADE NEWS

Japanese steel industry facing currency crisis

By Charles Smith, Far East Editor

TOKYO, April 12

THE RISE in the value of the yen, which to date has risen to its highest level since November 1973, has meant that the Japanese steel industry is now exporting at a substantial loss to all world markets with the possible exception of the U.S.

from the big companies as their basic raw materials and thus gain no cost benefits from the decline in the dollar rate.

Fall in U.K. aerospace exports

By Kevin Done, Industrial Staff

FOR THE first time since 1970 Britain's aerospace exports have been shown to show a marked decline with the value of overseas deliveries falling by more than 50m in January and February compared with the first two months of last year.

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Hitachi wins Bulkships order

By James Forth

SYDNEY, April 12

BULKSHIPS, a partly-owned subsidiary of the international transport group, Thomas Nationwide Transport, has placed an order with Hitachi Engineering of Japan for four medium-sized container vessels.

provoke union criticism in Australia, although the ships are intended for use outside Australian waters.

U.K. hopes on Australian record imports

Financial Times Reporter

CANBERRA, April 12

THE TIME is ripe to pursue "active discussions" to boost Japanese imports of British accessories and components.

ports are now running \$4946m (about £605m), ahead of imports, before allowing for invisibles.

LEGAL NOTICES

NO 8657 of 1977 In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of ELVAC LIMITED and in the Matter of the Companies Act, 1948.

COMPANY NOTICES

ANGLO AMERICAN COAL CORPORATION LIMITED (Incorporated in the Republic of South Africa)

JOINT COMPANY ANNOUNCEMENT

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED "AACA"

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED (Incorporated in the Republic of South Africa)

APPOINTMENTS

NO 8658 of 1977 In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of MANDALE BUILDERS LIMITED and in the Matter of the Companies Act, 1948.

ISLE OF MAN based bank

invites applications for the position of MANAGING DIRECTOR

COMMOBILITY APPOINTMENTS

Travellers, transport, administrators and accountants

COMPANY NOTICES

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS LIMITED

PUBLIC NOTICES

DUDLEY METROPOLITAN BOUQUIN NO 8659 of 1977

NOTICE OF RECORD DATE

ANGLO AMERICAN COAL CORPORATION LIMITED

PERSONAL

NELL CHYNN HOUSE GARAGE

Tristars for All Nippon

By Our Own Correspondent

TOKYO, April 12. ALL NIPPON Airways, the Japanese airline whose purchase of 18 Tristar from Lockheed Aircraft Corporation gave rise to the Japanese Lockheed scandal, has bought three more of the aircraft.

Franco-Soviet trade boost

By Robert Mauthner

PARIS, April 12

M. ROSSI, the French Trade Minister, who is currently in Moscow for a French machine tool fair, has forecast that Franco-Soviet trade will triple within the next two years compared with the period 1970-74 and total some Frs.20bn. (about £2.4bn.) by 1980.

U.S. SHOE IMPORTS

Anguish in Novo Hamburgo

By David White in Brazil

NOVO HAMBURGO is a small town in a hilly farmland area of Rio Grande do Sul, Brazil's southernmost state, and the two most distinctive things about it are its telephone directory.

Anguish in Novo Hamburgo

enjoyed good labour relations, terminating factory orders and to a large extent financing the industry through advance payments.

Arabic text at the bottom of the page: هكذا من الاصل



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## Topping topping

Bitumen, as a surfacing for roads like the stretch of A-45 between Ipswich and Felixstowe shown here, is one of the best materials available. Absolutely topping, as they used to say. It's economical, easy to apply, long-lasting.

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The bitumen serves this country's need for new, improved roads. And it makes good business sense for us to coax as many uses as possible from a vital energy source. (Some of the other products from petroleum are chemicals, waxes, and greases—all from the same basic raw material.) We've only been in the road surfacing business for three years—after almost 100 years as a major petroleum company in Britain. Still, by last year we had become one of the country's important bitumen suppliers.

We're regularly coming up with new formulations for road surfacing at our laboratory in Coryton. Another service of our Coryton lab involves free advice for towns and cities having trouble with their road surfaces. That service has proved extremely helpful, we're told. All this just goes to show, we suppose, that—if you're ingenious and hard-working, and a little bit lucky in this business—after 100 years you'll wind up tops at the bottom.





# Brae Field oil find, but potential uncertain

BY RAY DAFTER, ENERGY CORRESPONDENT

THE PARTNERS involved in the Brae Field project have identified a major oil and gas reservoir, but although the commercial potential of the find is still unclear, it is the highest prospect in the sector. Industry reports suggest that recoverable reserves so far identified are no more than 750 million barrels.

Pan Ocean Oil, as the operator on North Sea block 16/27, said that the seventh well on the east-west axis had been plugged and abandoned having tested oil and gas. Gas condensate was tested at a rate of 1,385 barrels a day through a 2 1/2 inch well. The structure was tested by the seven 12 1/2 inch wells. Although the results were more encouraging than the three previous dry wells they were not particularly good by North Sea standards.

Consequently, the partners still have a clear picture of the producing capability of the field, once regarded as one of the

Pan Ocean said that the results of the seventh well, together with those of the previous wells, made it necessary to conduct further drilling before making a decision on any development programme.

## Magnus Field commercial

ACCORDING to industry reports British Petroleum has made a successful appraisal of its Magnus Field on block 211/12. The sixth well on the structure, drilled by Sedco 703, has helped to confirm the field as a commercial prospect.

As a result it is likely that BP will take a decision to develop the field later this year. Some oil industry analysts suggest that recoverable reserves could be about 500m barrels.

## BNOOC abandons dry hole

THE BRITISH National Oil Corporation subsidiary, BNOOC, reports that the fourteenth well drilled on the prospective block 211/18 has been abandoned as a dry hole.

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## BP in joint Gabon deal

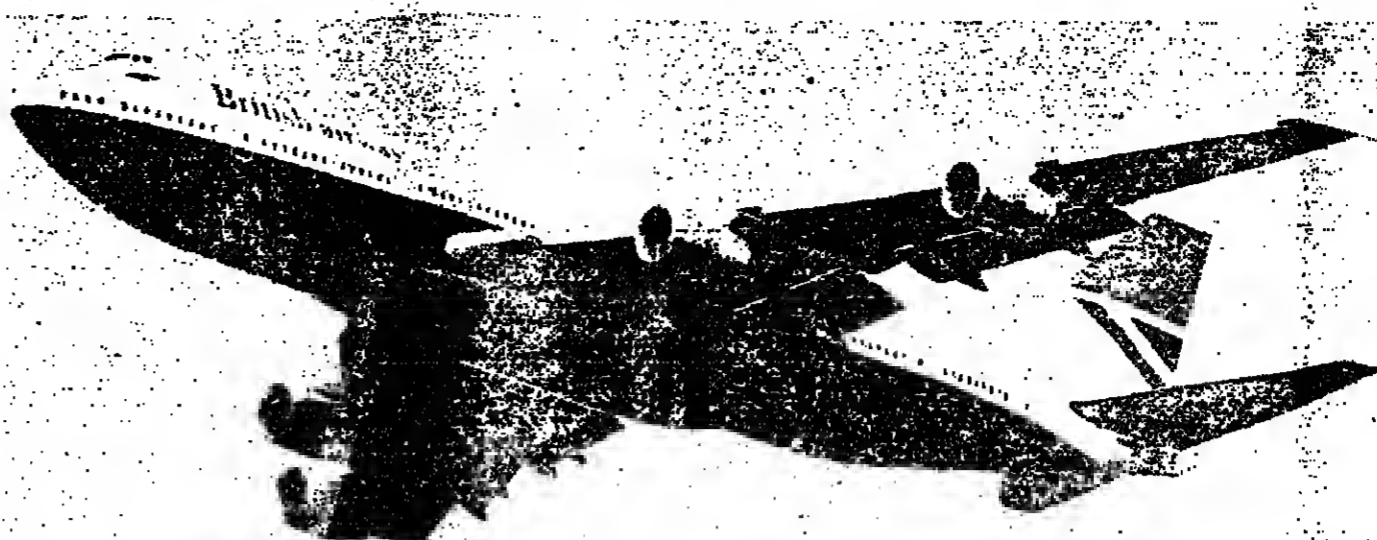
BP, IN PARTNERSHIP with three German groups, has signed a production sharing contract with the Government of Gabon. The contract relates to the Inness Marine exploration area on the Gabonese Shelf.

The interests held by each company in the consortium are: Wintershall (37 per cent); BP Petroleum Development (30 per cent); Deutsche Schachtbau (16.5 per cent); Preosaz (16.5 per cent). BP will be the operator for the exploration which is due to begin immediately.

## Drilling starts on Irish well

IRISH SHELL Petroleum Development has completed the preparatory work for an offshore drilling programme off the west coast of Ireland. Shell and its partner AGP Ireland, have started drilling a well for block 35/13 in 1,530 feet of water.

Sedco 707, a new generation of heavy duty semi-submersible rigs, is being used in the operation. The well is the first to be drilled in such deep water off the west coast of Ireland. It is also the furthest west of any well drilled in European waters.



## R-R jumbo for Britain this month

British Airways hopes to take delivery later this month of its first Boeing 747 Jumbo jet powered by Rolls-Royce RB-211 engines. The airline has ordered six of these long-range Jumbos, using the 30,000 lb thrust RB-211-524B engine. They will supplement the airline's existing fleet of 18 747s powered by Pratt and Whitney engines.

British Airways believes that with the Rolls-powered 747 it will be able to improve its long-range operations, such as non-stop London-Johannesburg and London-Bangkok, or one-stop London-Sydney and London-Tokyo flights. It could use the additional performance available to carry more passengers, an existing Jumbo routes.

## Rent panels 'biased'

MR. FRANK ALLAN, Labour MP for Salford East, told Young Socialists in Bluepool yesterday that usually two out of three members of rent assessment committees were biased in favour of high property values.

The sharp attack being mounted on tenants would be bitterly resented.

Mr. Allan, a member of the Labour National Executive and chairman of the party's housing committee, said: "This spring the campaign will be underway against the tenants of both council and private landlords."

"The property speculators and Conservative Party leaders are demanding higher rents. They also want to interfere with the present security of tenure for tenants of private landlords. Tory housing spokesmen are now demanding a vicious cut in council house subsidies, which would necessitate further heavy rent rises."

Trade unions will regard an increase in rents as a reduction in real wages and act accordingly.

To evade rent control would drive rents through the roof because of the present severe housing shortage. So long as this shortage remains so also must rent control."

The so-called fair rents being fixed by many rent assessment committees, particularly in London, were far too high.

## Birmingham motor show will be Britain's biggest

THE first International Motor Show to be held at the Birmingham National Exhibition Centre in October, 1978, will be the largest British motor show exhibition staged. It will combine the former car and commercial vehicle industry exhibitions, and has already attracted 368 exhibitors, it was announced yesterday.

Only four of the 329 exhibitors at the last International Motor Show at Earl Court will not take part at Birmingham, and 128 companies which did not exhibit either at the last

## Budget offices

BUDGET Rent a Car will open an office to serve Gatwick Airport on Friday. This will bring its U.K. network to 120 offices. It has scheduled 140 by the end of the year.

**BP in joint Gabon deal**

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**Now, London to Cape Town non-stop.**

Saturdays at 20.15, is SAA's flight to Cape Town. It's the only non-stop to Cape Town.

Flying the route are the new Special Performance 747 jumbos unique to the run.

SAA now flies eight times a week out of Heathrow including the fastest flight to Johannesburg.

All connect with flights to 11 destinations on SAA's exclusive domestic network.

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Peter Street, Manchester, 061-681 4106.

**TAYLOR, PALLISTER & COMPANY LIMITED**  
Chairman's Statement in respect of the Final Dividend

Group Sales were £206,683 higher at £1,982,020 of which £767,122 (38.71%) represented direct exports as compared with £1,907,227 (33.64%) in the previous year. We were fortunate to have a full order position during the year with our backlog in working, our non-production sales continue to contribute substantially, and I am therefore pleased to report that Group profits before taxation for 1976 was £147,782 (£69,686 after taxation), as compared with £128,087 (£32,251 after taxation) in 1975.

Your directors recommend a final dividend of 3.13225p per share (12.529%) payable on the 2nd June, 1977 which together with the interim dividend of 0.92125p per share (3.685%) makes a total of 4.0535p per share (16.214%) for the year. As reported at the time of the announcement of the interim dividend the present disparity between the interim and final dividends is to be considered for future years with the intention of bringing these into line with what is considered a more reasonable proportion.

Our order book, partially made up of orders of some substance which our resources made possible, is satisfactory and is encouraging, considering the lower level of activity in the marble field. Some caution is necessary with the falling off in world shipping generally and a rate of inflation in the U.K. continuing to be higher than most other countries. Continually rising costs and the complete withdrawal of regional employment premiums together with the unknown effects of Stage 3 of the incomes policy make it not possible to forecast for the coming year, but our products continue to be in demand throughout the world and provided we can achieve satisfactory levels of production we anticipate benefiting from the opportunities available.

R. H. TAYLOR.

# Why the Post Room should be on the agenda of your next Board Meeting

- Chances are your post room jogs gently along. It doesn't bother the Board; the Board doesn't bother it. Chances are, also, that this cosy state of affairs is costing you unnecessary money, time and effort. Here are some questions you might raise.
- Seven pointed questions**
1. Are your staff doing work the Post Office would willingly do for you?
  2. Are you paying agents to do what the Post Office would help you to do for nothing?
  3. Could you reduce bad debts and improve cash flow?
  4. Could you cut down on transport?
  5. Is your post room as efficiently organised and equipped as it could be?
  6. Could the post room play a more effective part in your marketing operation—at home and abroad?
  7. Do you pay more in postage than is necessary?

less than the cost of running your own vans. And you'll find us flexible on dimensions and packaging requirements.

**Door-to-door security**

Datapost is for people who regularly need secure, courier-style, overnight delivery of urgent packages of any kind.

It covers the whole of the UK. For those with less regular needs there is Datapost 'D', the 'on demand' service, which operates between many towns and cities throughout the country.

International Datapost (for the conveyance of urgent business papers or documents) operates to major business centres in USA, Brazil, Netherlands, Belgium, France, Australia, Japan and Hong Kong. Datapost 'D' is available to USA, Netherlands, Australia and Hong Kong.

**Speed your exports**

No matter how involved you are in exporting, the Post Office has a service to help speed your business. From air mail letters for your initial contacts right through to air parcels for despatching the goods.

If you have large quantities of printed papers to send abroad we have a Bulk Air Mail contract service to Europe and an Accelerated Surface Post contract service to most other countries outside Europe.

If you tick the appropriate box in the coupon we will gladly give you advice on exporting by post.

**Stimulating Sales**

Direct mail, or advertising through the post, is flexible, selective and personal. It secures the recipient's undivided attention. It works quickly and results can be accurately measured. It stimulates response—particularly if you use the Business Reply or Freepost services.

It need not be expensive. We help by giving a rebate on bulk mailings. Rebate can be as much as 30%!

The information that follows may suggest thought-provoking possibilities. There is also a film entitled "The great mail room mystery" which is available on loan. Tick the coupon for details.

**Wrap up the parcel problem**

You already know, of course, that we deliver regularly and swiftly to any address in the country. But we offer many special facilities for the businessman. Here are a couple of examples.

More than 2,500 firms post over 80 million parcels a year under individually negotiated contracts. If you're not one of them this may give your competitors an edge.

Perhaps your parcel deliveries are local rather than nationwide. Then we can probably offer next-day delivery for

less than the cost of running your own vans. And you'll find us flexible on dimensions and packaging requirements.

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It need not be expensive. We help by giving a rebate on bulk mailings. Rebate can be as much as 30%!

If you'd like to know more about direct mail, we have available a film "What the others can't do," and an interesting series of free booklets which include some case histories and advice by experts on specific aspects of this very specialised subject. Tick the coupon to order.

**The one who finds the answers**

Your local Postal Service Representative can give you advice on any postal service, including those mentioned above. The PSR will also tell you about special courses run by the Post Office for post room staff. These cover post room organisation and equipment, correct packing, the use of franking machines and so on. Your PSR will help you to use the Postal Services in the most cost-effective way.

Send the coupon below to:  
Jackie Willbourne, FREEPOST, Room 434, Postal Headquarters, St. Martins-le-Grand, LONDON EC1A 1HQ. Remember, you do not need to use a stamp.

Please ask my Postal Services Representative to make an appointment.

Booklets. Please send me:

Post room organisation

The Royal Mail parcels service—simply the best

A quick guide to Overseas Postal Services

Datapost

A guide to Effective Direct Mail

Direct Mail Testing and Measurement

Direct Mail and the Law

Writing sales letters that sell

Direct Mail List Building

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Films. I am interested in borrowing your films for business.

Please send me details.

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# HOMIE NEWS

## SNP surges ahead in poll

By Roy Perman, Scottish Correspondent

WITH THREE WEEKS to go to the Scottish local government elections the Scottish National Party has emerged with a commanding lead over the other parties. An opinion poll published yesterday gave it 36 per cent of the vote compared with 27 per cent each for Labour and the Tories.

The SNP will fight 450 seats of the 777 in 53 district council elections. In 1974 it fought 286 seats in the first contests for the newly reorganised authorities. Its highest prize could be wresting control of Glasgow from the Labour Party, which has held the city for decades.

In Edinburgh the party will challenge the Tories for leadership. Mrs. Jeanette Jones, vice-chairman of the SNP, said nationalists could win control of nine district councils. At the moment they control one and are the biggest party on two others.

But they are avoiding a decisive contest in three major cities. In Dundee nationalists are not contesting any seats, in Aberdeen they are fighting eight of 48 and in Perth they are fighting only seven of 29. In Dundee there is a reluctance to take power in a city with so many entrenched problems, but the other decisions may betray a lack of confidence by local party organisations.

The breakaway Scottish Labour Party announced yesterday that it would field more than 30 council candidates in what could be a make-or-break test.

The opinion poll, conducted by Systems Three for the Glasgow Herald, gave the SNP its biggest lead since the last general election. The result is particularly bad news for the Conservatives, who have claimed that they have been winning back support in the past year.

A very significant finding is that among 15-24-year-old voters the percentage supporting the SNP rose to 49, compared with 25 for Labour, and 17 for the Tories.

**Submarine in plastic**

VICKERS Slingsby engineers have built what is claimed to be the world's first plastic mini-submarine.

The submarine, which costs £500,000, has been a closely guarded secret for five years. It has passed sea and depth tests, and is going into production at the Kirby Mousley, Yorkshire, plant of Vickers Slingsby, which is part of the Vickers group which makes nuclear submarines.

The three-man, rusi-free submarine, needed for North Sea oil, will last 10-15 years longer than the metal equivalent.

**Japanese cars in new ranges**

TWO JAPANESE car manufacturers are introducing new ranges on the U.K. market.

Mitsubishi Motors has revamped its Lancer models, while Honda is introducing a series of 1600 models, but twin carburetors. The Colt Lancer range now includes a five-door 1400 estate, which is completely new to Britain. The other newcomers

are basically facelifted versions of the cars already on sale here, the 1200, the 1400 two- or four-door saloon, and the 1600 Sport. The Sport now has the same engine as the Celeste and Signa 1600 models, but twin carburetors. It also features tinted glass, a sports type steering wheel, tachometer, oil pressure gauge and ammeter.

## Nuclear power station contracts with U.S. threatened

## Spain unhappy over Carter policy

By David Fishlock, Science Editor

SPAIN MAY be the first nation to retaliate against what it sees as the unwarranted interference in its energy policy implied by President Carter's proliferation nuclear policy statement last week.

The Spanish Government is reported to be very unhappy over the reluctance of the U.S. Government to grant export licences for light water reactor (LWR) components and for the transfer of U.S.-enriched spent nuclear fuel to Britain for reprocessing.

Spain, which embarked on a major nuclear electricity programme to avoid dependence on the oil-producing nations, now feels it has been let down by the U.S. LWR and fuel suppliers to which it committed itself.

Although Spain is not yet a signatory to the non-proliferation treaty, it accepts that its signature would be a confirmation of its admission in the EEC.

As many as eight contracts for nuclear stations of the kind on which, about 1,000 MW are expected, of about 1,000 MW are due to be signed with Westinghouse Electric and U.S. General Electric, could be torn up if Spain decides to abandon its U.S. partner.

The most likely recipient of the LWR contracts would be France's Framatome, which has a Westinghouse licence, since France has already helped to build one nuclear station in Spain as a joint venture.

The recent wording of President Carter's anti-proliferation statement, outlining U.S. domestic policy for avoiding proliferation, has been found by most observers to be much less decisive on all but one issue than

# Port Talbot strike costs BSC £26m. in lost output

By Nick Garnett and Roy Hodson

LOST STEEL production at the Port Talbot works because of the electricians' strike has cost British Steel Corporation about £26m. up to today. Losses will continue to accumulate at a rate of nearly £2m. a day until the dispute is settled.

The £26m. loss will be hit first and most severely by a prolonged Port Talbot strike as the tinplate users. All tinplate production goes into tin cans and packaging boxes for biscuits and other goods. Metal Box, which takes more than 80 per cent of all British Steel's tinplate production is apprehensive and has asked British Steel to state clearly future prospects for supplies.

So far, Metal Box and the other can makers have continued to receive adequate supplies because of emergency British Steel arrangements including some steel imports.

The can makers try to keep tinplate stocks on hand to cope with expected production for some weeks ahead. But they point out that any serious disruption to the flow of tinplate from British Steel would soon be felt in the canning industry and there would be a consequent waste of food as fruit, vegetables, fish, meat, and other foods and beverages became ready for canning.

British Steel is sending all the hot rolled coil steel that it can from other works round the country to the South Wales tinplate plants which normally draw their steel from Port Talbot.

Ravenscraig, Scotland, is supplying and so is Shotton.

North Wales. British Steel management sees the role of the Shotton as an emergency supplier during the dispute as early indication of the recent explanation by Sir Charles Villiers, chairman of British Steel, that one of the reasons he intended to keep Shotton in production for several years to come was as an "insurance" while the expansion of Port Talbot was proceeding.

The other hit Welsh steelworks, Llanwern, at Newport, does not make hot rolled coil to the specifications needed by the tinplate plants. But if the dispute at Port Talbot continues there are contingency plans to modify the Llanwern rolling mills and use some of its steel for tin plate.

## New move by Government against steel dumping

By Roy Hodson

THE GOVERNMENT has followed its anti-dumping action against some Spanish steels by taking a similarly strong line against some Japanese steel imports into Britain.

A provisional duty of £20 a tonne has been imposed on Japanese light sections while the Department of Trade continues its investigations into allegations by the British steelmakers that the imports have been sold at dumping prices.

The Government is still looking into a third serious allegation made by the British producers—namely that some South African steels are coming into Britain at dumping prices.

The private sector of British steel-making has been particularly outspoken in their long campaign against dumping which has resulted in action against the Japanese, Mr. Selwyn Williams, of the British Independent Steel Producers Association, said last night "One of the hardest parts of all has been the Government's refusal to back up our campaign to repel dumped imports."

been on unofficial strikes for nearly three weeks, are concerned about the erosion of pay differentials and demand that responsibility payments claimed by five men who will operate new equipment should be extended to all the strikers. The money involved appears to be about £10 a week for each man.

British Steel says wage rises for a small number of workers might be justified, but it says there are no grounds for popping the extra money in other members of the Electrical and Plumbing Trades Union. Such a payment, the corporation maintains, would be a breach of the stage two pay policy.

Other unions have told British Steel that concessions to the strikers would disrupt British Steel's pay structure and would have repercussions elsewhere in the Port Talbot plant.

Other unions have told British Steel that concessions to the strikers would disrupt British Steel's pay structure and would have repercussions elsewhere in the Port Talbot plant.

But demand for tinplate has been booming for months and British Steel—Britain's only producer—has been finding it difficult to make enough to satisfy its customers as demand has climbed beyond 1m. tonnes a year.

The emergency arrangements for switching steel about to supply the work will inevitably result in some loss of efficiency and lower production. The tinplate users are concerned that they will have to pay for the extra steel which they will face should the strike continue.

Imports

British Steel has arranged to import 70,000 tonnes of Continental steel so far—valued at more than £10m.—to help make up the shortfall of hot rolled coil. The decision to import steel was taken after consultation with the unions. But Mr. Wyn Bewan, convener of the E29 striking electricians, has given a warning that action might be taken by the electricians' strike committee to halt the imports.

The committee says it is examining the situation and will report to the next meeting of strikers scheduled for Friday.

Shop stewards are insisting that there will not be a vote on whether to return to work unless there are specific management proposals.

The electricians, who have

## Audit committees urged

By Michael Lafferty, City Staff

PUBLICLY QUOTED companies should establish committees of non-executive directors to liaise with the external auditors, according to a report from a top international accountants' group.

The policy of establishing such "audit committees" is accepted in the U.S. and Canada "as good business practice," says the report, prepared by the Accountants International Study Group. However, in the U.K., the audit committee "has not yet gained general acceptance."

The group believes that audit committees would help directors to fulfil their broad responsibilities. The quality of financial reporting is one of the directors' primary responsibilities, it says.

The group argues that creation of an audit committee would increase public confidence in the financial report and strengthen the independence of the outside auditor.

Audit Committee: Current practices in Canada, the United Kingdom and the United States. £1.40. Available from Publications Department of the I.C.A. (Chartered Accountants' Hall, P.O. Box 433, Moorfields Place, London, E.C.2.)

## Haulage charges go up

By Roy Rogers

TEN SHIPPING lines operating between the U.K. and Malta and Middle Eastern ports are to raise their U.K. road haulage and vehicle demurrage charges from next Monday.

The liner, members of the conference of Malta and Alexandria Steamship companies and the U.K.-Israel conference, maintain that they have no alternative but to pass on the recent increase of 5 per cent in charges imposed by U.K. road hauliers following the Budget.

The Budget increased vehicle excise duty on some heavy vehicles by more than 50 per cent.

Lines involved include Eilertson Line, Eller's Wilson Line, Manchester Line-Med Division, Moss Hutchison Line, Egyptian Navigation Company, Mediterranean Line, Papayanni Line, Prince Line, Westcott and Laurance Line, and Zim Israel Navigation Company.

## PCWER PRODUCING FAST BREEDER REACTORS

NATION PROJECT	MW ELECTRICAL	COMMENT
USSR BN-350	150	Dual-purpose electricity/heat-generation prototype
USSR BN-400	460	Demonstration FBR scheduled for completion in 1977
France Phenix	250	Prototype in operation since 1974
France Superphenix	1,200	Commercial-size demonstration just started construction as joint venture with Germany and Italy
U.K. PFR	270	Prototype FBR in operation since 1975
U.K. CFR1	1,300	Commercial-size demonstration awaiting government approval
West Germany SNR-300	300	Prototype under construction in joint venture with Belgium
West Germany Superphenix 2	1,200(?)	Proposed joint venture with France and Italy
Japan Monju	300	Prototype awaiting government approval
U.S. Clinch River	380	Prototype awaiting government approval

## NEB buys 71% stake in Mollart Engineering

By Roy Hodson

THE NATIONAL Enterprise Board has bought 71 per cent of the issued share capital of Mollart Engineering, which specialises in high-quality work from a former Mollart director and two large shareholders, S. Pearson and Son, and Prudential Insurance.

The Mollart family will retain 29 per cent of the company and Mr. Ken Mollart will continue as chairman and managing director.

An important part of the Mollart range is the gun drilling machine tool. Mollart is the only British manufacturer of this type of machine tool.

The NEB "is anxious to maintain British capacity in gun drilling, in spite of its name the machine is little used for making weapons but is vital for boring long holes in precision engineering work."

Mollart makes sophisticated machine tools, universal joints and a range of other precision products. It is planned to extend the product range. One possibility is that the company will bring out a new range of universal joints in metric sizes for export.

The NEB is buying profits running at a pre-tax level of £120,000 last year on sales of £1.5m. There is no question of the NEB's taking on a large debt. But the new venture will give Mollart an opportunity to raise funds to begin with the NEB has agreed to make a medium-term loan facility of £200,000 available to the company for expansion.

Mr. J. B. Murray, a divisional director of the NEB, will join the Mollart Board.

Heavier trucks 'would aid exporters'

By Kevin Done, Industrial Staff

HIGHER WEIGHT limits for heavy lorries would bring immediate economic benefits for haulage operators and ultimately would benefit exporters and importers, according to the Freight Transport Association.

In a submission to the transport industry's economic development committee, the association steps up its campaign to bring U.K. regulations in line with proposed limits in other EEC countries. The current U.K. limit of 32 tons is considerably lower than the EEC proposal of 40 tonnes and is a cause of considerable aggravation to hauliers.

Hauliers operating to the U.K. from the continent have to do so with reduced capacity and from the Channel ports and the association suggests that the harmonising of weight limits would improve the atmosphere for negotiations on increased permit quotas.

The proposals face stern opposition from environmental pressure groups.

## Engineering talks in new forum this week

By Our Labour Correspondent

ENGINEERING UNION leaders and employers will meet this week for the first time in a revised national forum designed to give both sides a regular chance to air the industry's labour and other problems.

Such a forum was promised many months ago when the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers Federation signed a new procedure agreement for the industry.

It replaces the regular high-level contact lost when the unions withdrew from the old procedure agreement that provided for a central conference.

According to Mr. Len Edmondson, president of the Confederation, the first meeting to be held at the EEF headquarters tomorrow will discuss the future operation of the forum and "identify and consider current problems affecting the industry."

## PO engineers want change in marketing

By Our Labour Staff

THE POST OFFICE Engineering Union, which represents more than 120,000 workers, wants a more effective marketing policy for the Post Office.

It has presented an eight-point plan to the Carter Committee which is investigating the Post Office. It said top priority should be the reorganisation of the Post Office's public image.

Among the union's proposals are financial incentives, including a reduction or abolition of the telephone connection charge to boost business, and the introduction of new telephones, teleprinters and other equipment. It also wants a review of the marketing and public relations departments of the Post Office's telecommunications side.

## IN BRIEF

**AUEW candidate**  
Mr. Roy Fraser, chairman of the unofficial committee which led the layoffed men to the free movement of nuclear fuel within the Common Market. It is not clear how Mr. Carter's new policy will affect this dispute.

**Strike continues**  
A meeting of 60 journalists at the East Midlands Allied Press Group in Kettering, Northants, decided yesterday to continue with their 18-week-old strike.

**Disabled guide**  
The low number of registered disabled people employed in the public sector is disturbing, says Mr. John Grant, Under Secretary for Employment. A guide for employers encouraging the employment of disabled workers, to be published by the Manpower Services Commission and the National Advisory Council on Employment of Disabled People.

**Dustmen protest**  
Refuse collectors in Liverpool turned up for work yesterday even though they had been given the day off in lieu of the Queen's Silver Jubilee holiday. The men were protesting that they wanted their day off in June like most other people.

**Shipbuilding plan**  
Measures to tackle the crisis in shipbuilding industry have been reviewed by the International Metalworkers' Federation, including sharing orders, co-ordination investments and shorter working hours.

**Ruovcott**  
The Merchant Navy and Airline Officers' Association has instructed its members employed by Trinity House to refuse to co-operate in the plan to restructure the service of boats used by the International Association of Lighthouse Authorities.

# LABOUR NEWS

## Transport union leaders favour incomes policy

By Christian Tyler, Labour Correspondent

LEADERS of the Transport and General Workers' Union, the biggest in the country, will be supporting the principle of another round of incomes policy after July in the face of a mass of resolutions opposing it from branches and trade group committees.

The union's lay-member general executive council has tabled a resolution for the union's biennial conference at the beginning of July which says that an orderly return to voluntary collective bargaining should begin to take place this year.

In its wording and in the list of incidents to be included in the next incomes policy, the resolution is very like that seconded by the TGWU and adopted by last autumn's annual Trades Union Congress.

The chance of another TUC Government agreement being reached this summer—the bargaining on pay policy began today when the TUC economic committee meets the Chancellor of the Exchequer and other Ministers—depends greatly on

Free bargaining

Of 24 resolutions on the subject, 20 call for immediate return to free collective bargaining, two are for gradual return and two for another phase provided there is strict control of prices and profits.

Last year the TUC national executive was split on pay policy, but the conference endorsed it after a special TUC Congress in mid-June.

The TGWU executive's resolution lists the necessary ingredients of another round

of the TGWU and its 1.9m. members pledging their support. The TGWU delegates meet on the eve of Man in the first week of July, the same week as the National Union of Mineworkers, whose approval for another phase is much in doubt.

They will hold the last two unions to call for conferences before the present £2.50-10-54 policy expires on July 31, except for the National Union of Railwaymen. The NUR's conference agenda, published yesterday, is highly critical of the social contract.

Among opponents of a restraint are TGWU com. representing clerks, busmen and airport workers. Many resolutions for TGWU, NUR and other unions this summer cost-of-living linked pay in the next round. This was the basis of the first policy under present Government, from 1974 to July, 1975, ending settlements of up to 50 per cent.

The same themes are in the Post Office Engineering Union branch resolutions in June; and Mr. Ben Leftwing general secretary of the Furniture, Timber and Trades Union, calls for an opposition to the social contract in the union journal.

## Engineering talks in new forum this week

ENGINEERING UNION leaders and employers will meet this week for the first time in a revised national forum designed to give both sides a regular chance to air the industry's labour and other problems.

## Jobless 'will top 2m. this year'

By Our Labour Correspondent

MORE THAN 2m. unemployed employment will rise to and inflation running at 14-15 per cent and total unemployment in the country by the end of this year are forecast by the Association of Scientific, Technical and Managerial Staffs.

These forecasts, contained in the ASTMS quarterly economic review yesterday, were said by Mr. Clive Jenkins, the union's general secretary, to be a warning to negotiators entering another voluntary incomes policy with the Government.

Mr. Jenkins said: "Mr. Healey's way is clearly not working. The quickest way to bring down the unemployment figures would be to restore the public expenditure cuts and allow people to negotiate their own wage rises. Because of North Sea oil, Britain would have a great improvement in the balance of payments from 1979 onwards. What we have to do is plan for that now. The economy could still be afloat, and the scale of investment improved."

ASTMS thinks that adult unemployment will rise to about 19 per cent or August, falling back 1 per cent at an annual rate.

BRITISH AIRWAYS will be the Concorde pilot training programme back to Gloucestershire. Mr. Brize Norton, West Oxfordshire, following protests after the first of the two-week training sessions earlier this year.

at Brize, but there will be very restricted local flights and the programme will take place at Brize from next month, when training session starts.

## PO engineers want change in marketing

THE POST OFFICE Engineering Union, which represents more than 120,000 workers, wants a more effective marketing policy for the Post Office.

It has presented an eight-point plan to the Carter Committee which is investigating the Post Office. It said top priority should be the reorganisation of the Post Office's public image.

Among the union's proposals are financial incentives, including a reduction or abolition of the telephone connection charge to boost business, and the introduction of new telephones, teleprinters and other equipment. It also wants a review of the marketing and public relations departments of the Post Office's telecommunications side.

## Mr. Ray Gunter



MR. RAY GUNTER, who became Minister of Labour after the 1964 Labour general election victory with the words that he had inherited the "bed of nails," died yesterday aged 67.

He was found dead in his cottage at St. Mary's, on the Isles of Scilly, his neighbours noticed that the curtains were closed and milk was uncollected at the door. His wife Elsie died in 1971.

Mr. Gunter, the son of a South Wales miner, started work as a bookkeeping clerk with the Great Western Railway and in 1929 began a long career in politics and the trade union movement by being elected secretary of the Ebbw Vale branch of the then Railway Clerks' Association.

His connection with the trade union movement became a life-long one and he was president of the Transport Staffs Association from 1956 until he took on the crucial task of dealing with the unions from the Minister of Labour's desk in 1964.

The turning point in his career came in 1968, only a year after he had been transferred to the Ministry of Labour, when he became Minister of Government Resettlement. He signed the Bill for Harold Wilson: "I do not desire to be a member of Government." In 1972 he became complete with the Labour whip signifying the Labour whip afterwards left the Com. Although the final bridge to Common Market was not crossed until 1972, Mr. Gunter had been creating a climate of former Cabinet colleagues was bitterly critical of class intellectuals who were gaining increasing influence in the party.

In spite of the circumstances in which he rose from sapper to staff captain, he entered Parliament as MP for South East Essex. He then over unilateral nuclear briefly represented Doncaster, men.

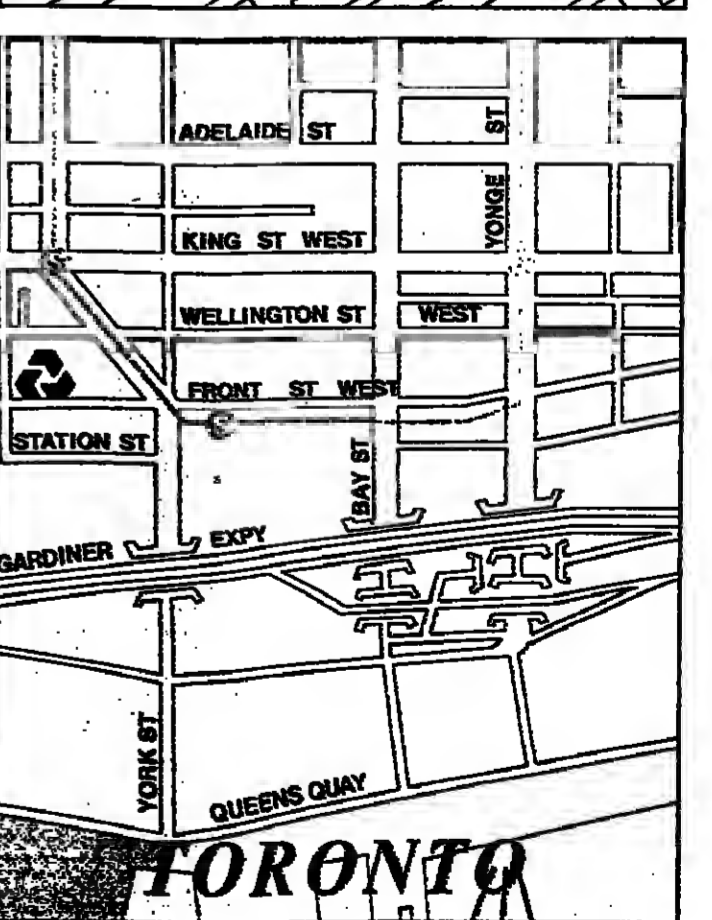
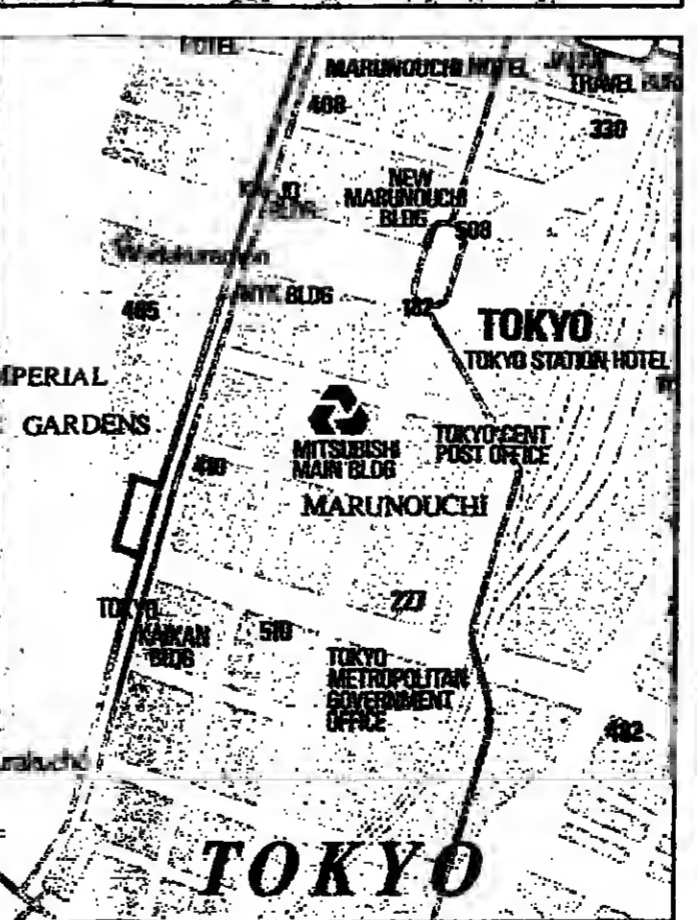
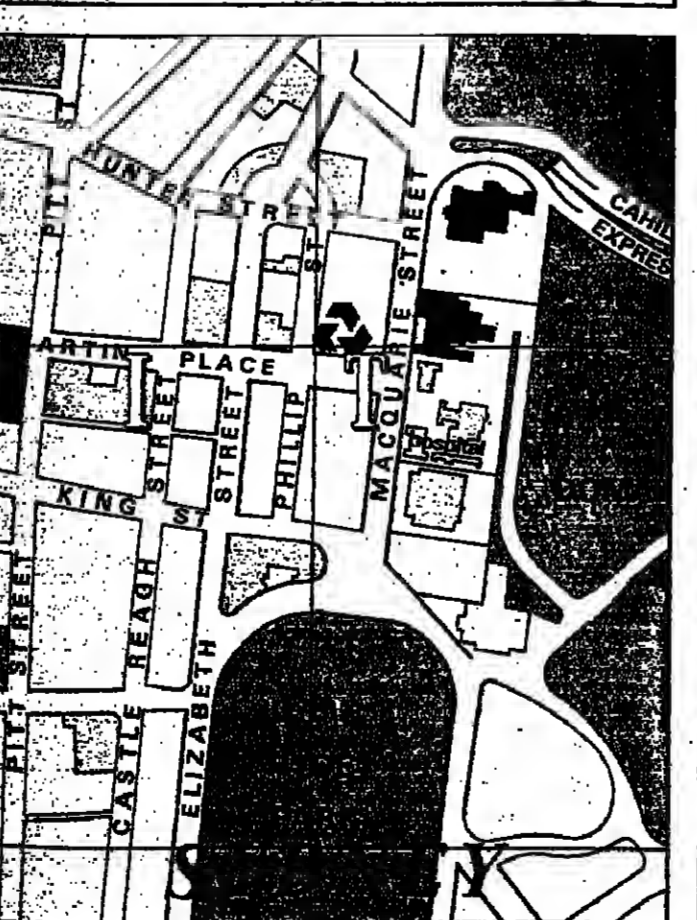
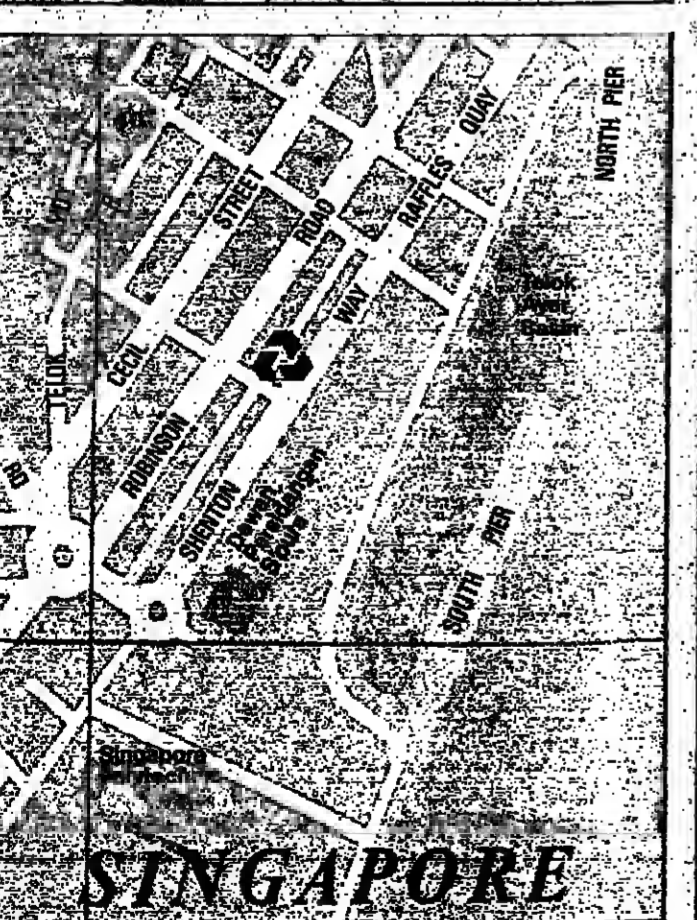
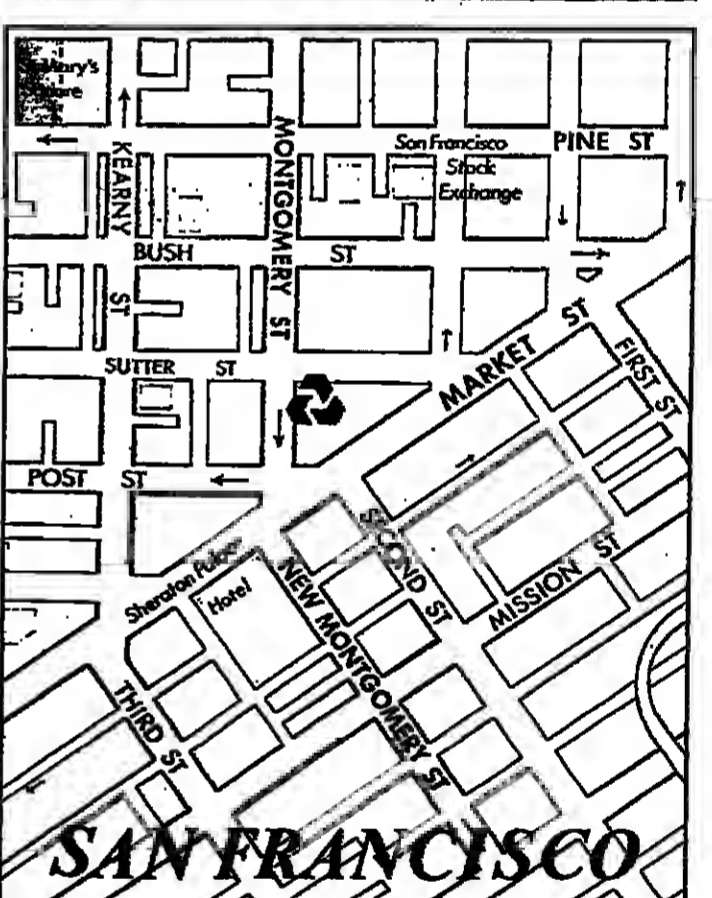
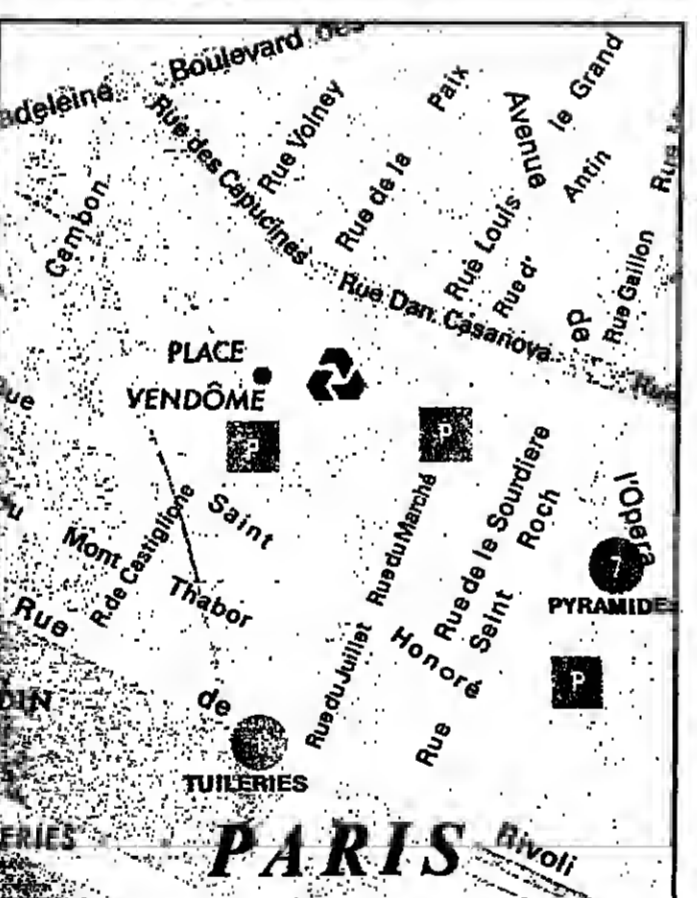
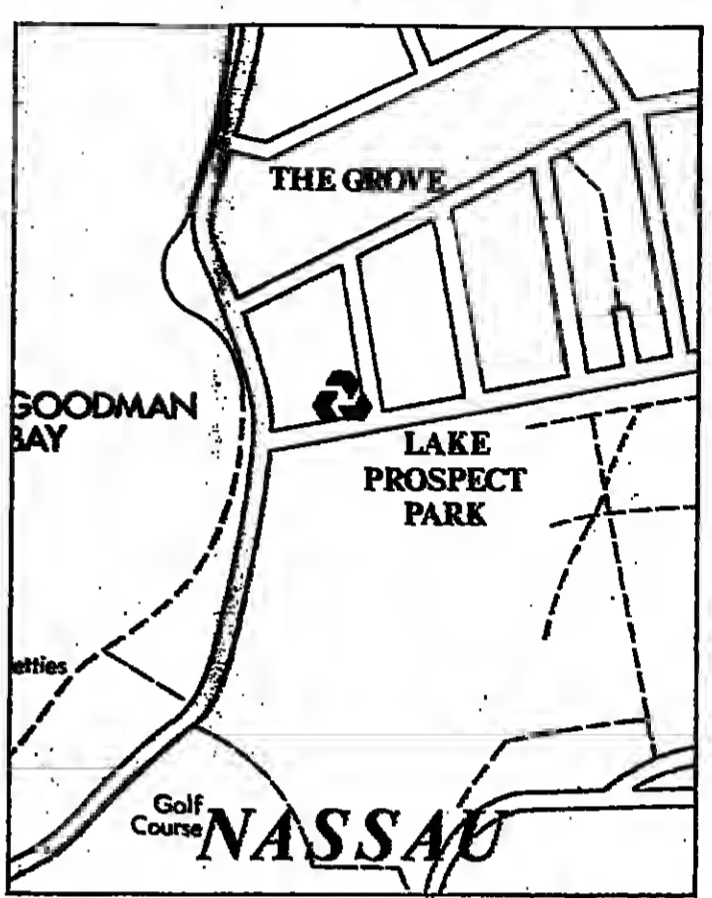
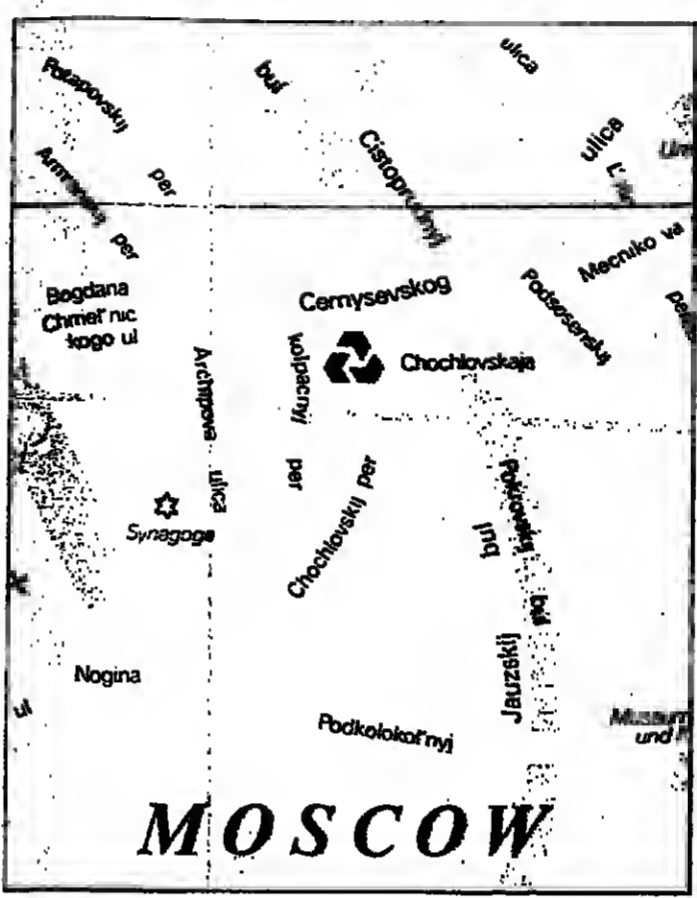
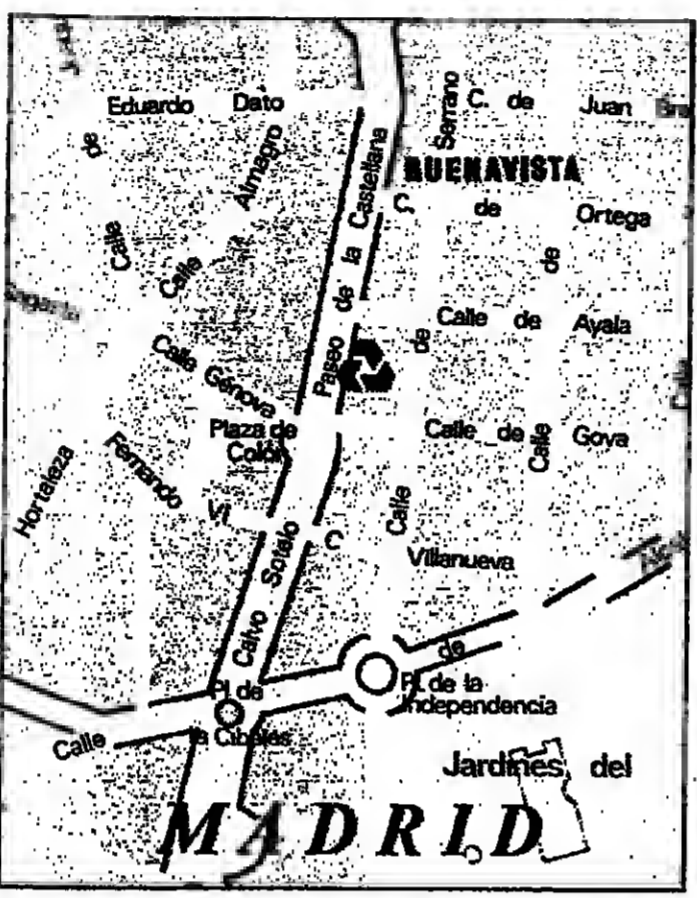
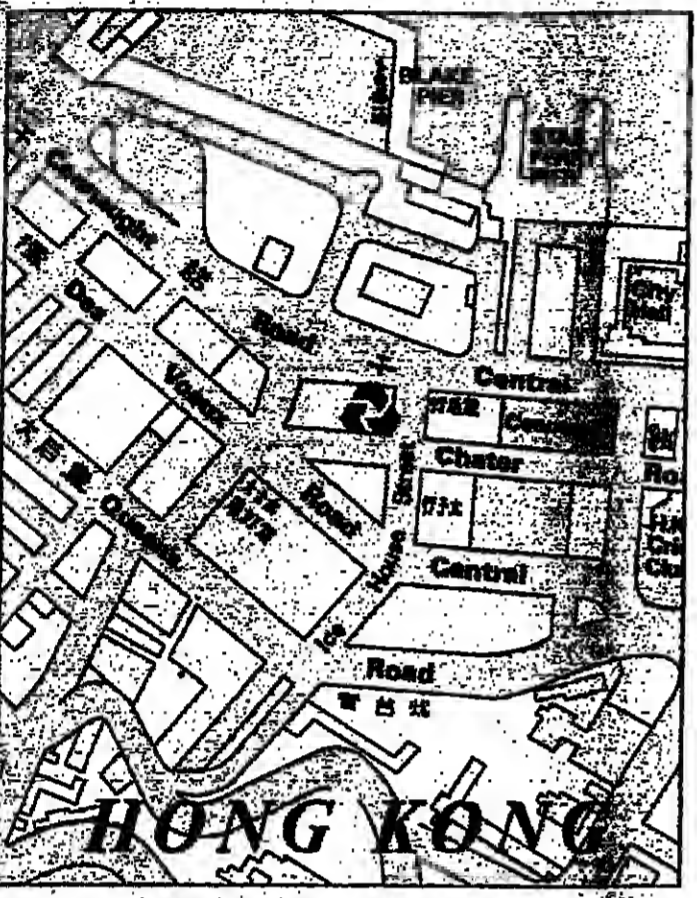
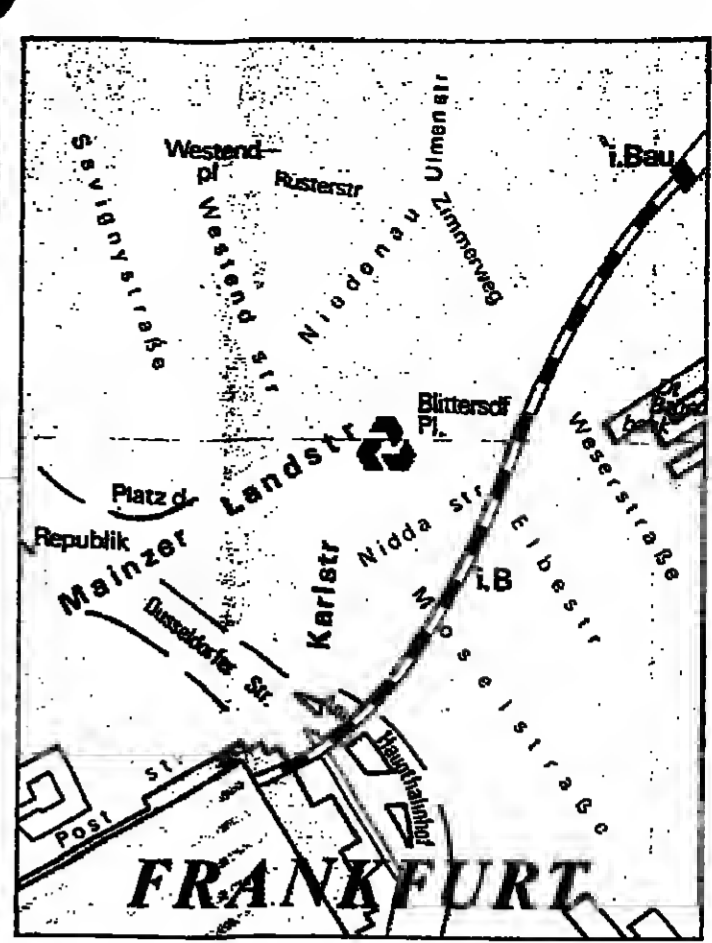
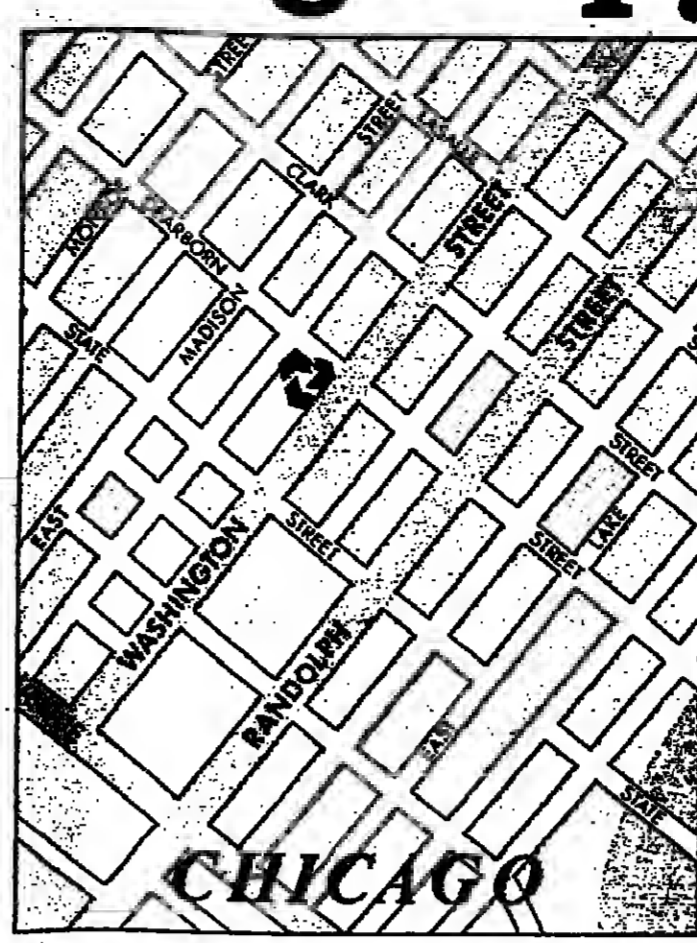
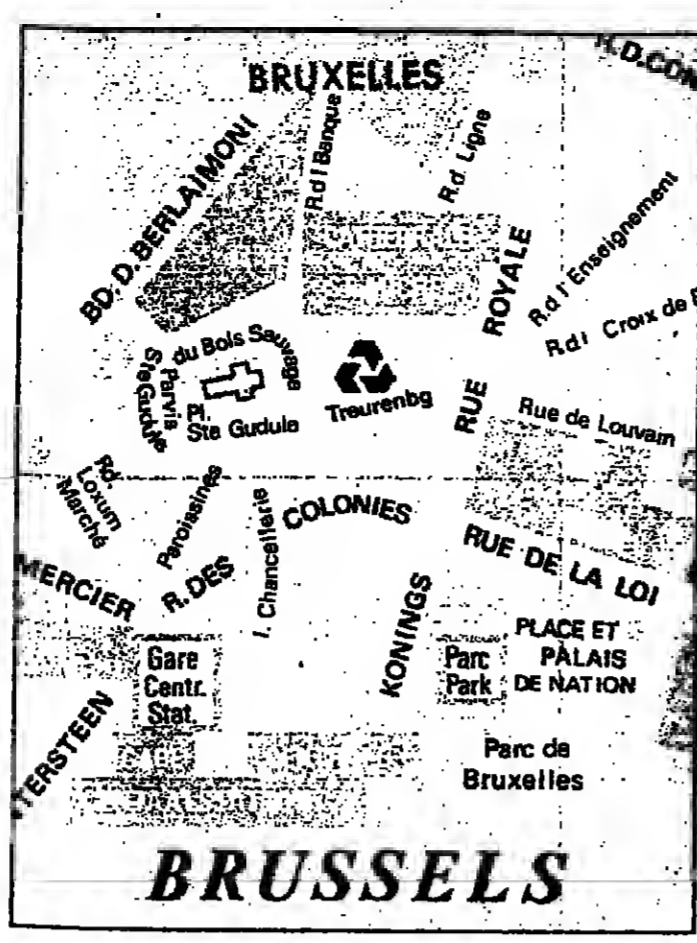
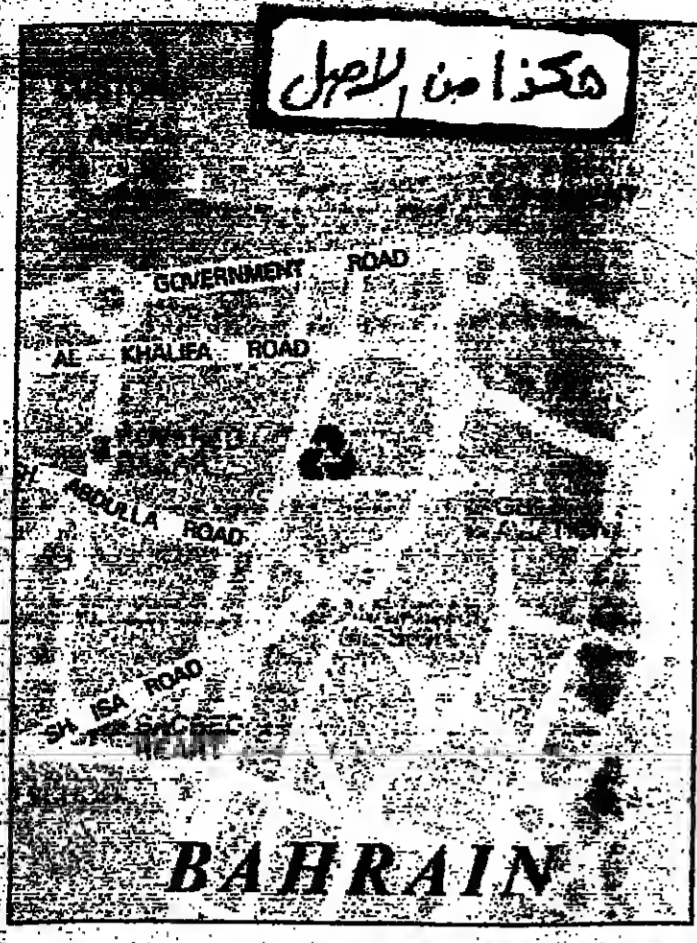
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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● METALWORKING

### Hard coating gives novel properties

SURFACING processes applicable to many engineering components, made of most of the metals and alloys now in use throughout industry, are available in Britain as a service, and for refurbishing if required.

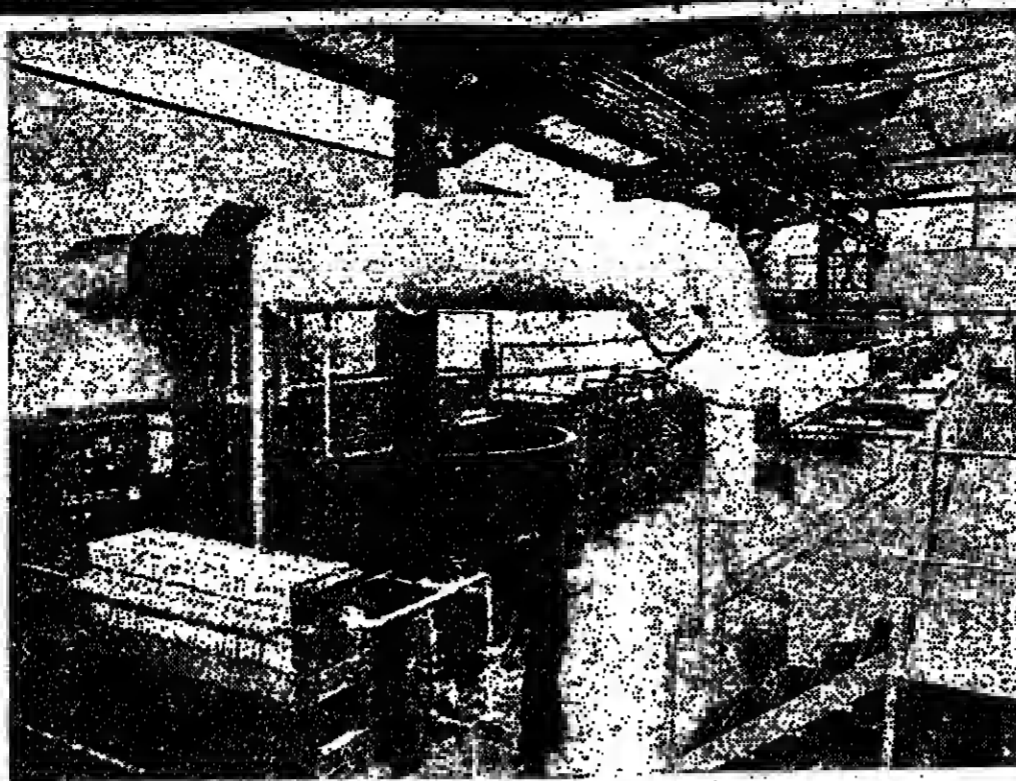
Applied by electro-plating techniques but with a much higher deposition current than normally encountered, the coating appears under the microscope in the form of closely packed spheres, which tend to provide excellent low friction characteristics but have very high adhesion to the underlying surface, with which they form molecular bonds. Even under impact conditions such as in the cold-working of steel and in reciprocating machinery, there is no tendency to peel and any material removed from a treated surface under extreme test conditions will show, on one side, flakes of the underlying surface.

Composition of Drayloy has not been revealed, but it is a chrome-rich complex coating applied by a multi-stage process at temperatures below 80 degrees C, yet able to withstand very high temperatures to service as well as providing excellent corrosion resistance.

The coating is considerably harder than a hard chrome with a surface hardness of around 72 Rockwell C or 1100-1300HV.

A purpose-built factory has been set up near Sheffield by the company which has the same name, Drayloy, and this has capacity to handle workpieces of up to 1½ tonnes weight.

Since the plant has been brought into operation, a great deal of experimental treatment work has been done and this process of seeking out areas in which the coating method can be



A view of the sequence of coating tanks at the Drayloy plant in Dronfield, Sheffield

operate in the setting up of any testing scheme.

Drayloy operates from Callowgate Lane, Dronfield, Sheffield S18 6NS. Dronfield 417777.

### Heavy duty vertical turning

THE DEPARTMENT of Industry has offered a grant of £166,700 to John Stirk and Sons to facilitate production of prototypes of a new range of heavy duty vertical turning machines.

The grant will also provide improved manufacturing facilities for the production of the machines.

Stirk says the machines have been specifically designed to fill a gap which has not been covered

by other U.K. machine tool manufacturers. The machine will also help to counter foreign competition by its suitability for a wide range of industries requiring heavy metal removal from rough forged or cast steel components—an area now largely dominated by imported equipment.

Typical applications will be the machining of forged or cast railway wheels, pipe flanges, gear forgings, etc., and in the aerospace industry for machining complex formed components in exotic materials.

Offered with the machine will be a range of automatic handling equipment which will enable both faces of a component to be machined without manual handling.

The machine can be offered to clients in a linked with automatic handling equipment to form a full transfer line.

Positioning of the columns allows the cutting force to act directly on the column slides, permitting full use of the 200 hp which can be developed by the table drive at low speed. The modular design enables single column versions to be built.

Four axis CNC with diagnostics is standard on the two column version, with two axis control on the single column. CNC can also be used to control the handling system.

The maker says that design improvements incorporated in the machine are in advance of current techniques, and will give it improved productivity compared with similar imported machine tools.

Details from John Stirk and Sons, Halifax, on 0422 53234. This company is a member of the Wickman Group.

## ● OFFICE EQUIPMENT

### Speeds up copies

FAMILIAR to many using office copying machines is the business of lifting up the exposure plate, covering, positioning the original on the glass, waiting for the completion of the copying cycle, lifting the cover again and removing the original. For multi-document jobs it may also be necessary to collate the copies.

All of this has been done away with in the Nashua 1220 DF in which originals are fed into a slot at the top rear of the machine rather like posting letters. Each copy is grasped by the mechanism, automatically exposed and ejected to the output stacker.

Originals can be fed in at the rate of one every three seconds (20 a minute) and they can be of different sizes up to 10 x 14 inches; they can even be wrinkled or torn or made of tissue paper, claims Nashua.

Originals are returned to the operator in the same stacking order as the copies so that multiple feeding produces collated copy sets with no further action. For book copying the platen cover can be lifted for use in the traditional manner. Nashua Copycat is at Cory House, Bracknell, Berks (0344 54471).

### Duplicating master for copiers

A NEW duplicating master for imaging on electrostatic copiers

has been introduced by Addressograph Multigraph, which is claimed to be cheaper than most competitive masters.

It is called the QC Electro-master. QC stands for Quick Copycat, signifying its capability with rapid cycling times on a total system copy and its readiness for use after just one quick pass through the converter.

Made in a range of sizes and styles to suit almost all makes and models of small offset duplicators, it is said to combine wide exposure latitude with good contrast. One master is claimed to be capable of yielding 500 good impressions.

As an illustration of price, the maker quotes an order for 15,000 of the 8½ x 14 inch size with plain ends which would cost about £30,100.

Free trial samples are available to genuine applicants from Addressograph Multigraph, Maylands Avenue, Hemel Hempstead, Herts., HP2 7ET (0442 2251).

## ● INSTRUMENTS

### Bearing metal test

TO CHECK whether there are any discontinuities in the bond between a white metal bearing and its cast iron casing, a special ultrasonic probe has been developed by MatEval NDT Company, 1 Belvedere Road, Newton-le-Willows, Merseyside (09252 22006). If there are any areas where the bond is not complete, the bearing will run hot.

The probe was originally produced for Platt, Manchester, which uses white metal bearings for a variety of applications. These bearings have bore sizes from 50 to 120mm, and the white metal thickness ranges from 5 to 10mm.

The MatEval development allows a single probe to be used throughout the ranges of both sizes and white metal thicknesses. Replaceable shoes, which match the individual bore curvature, are used with a twin crystal focused probe.

Similar probe arrangements, providing savings in cost and time, can be applied in the quality control of lined tubes of various diameters, and in general internal thickness measurement of items produced in a range of curvatures.

## ● HANDLING

### Prevents skids

EASILY APPLIED to floors or walkways where non-slip surfaces are required is a safety coating comprised of carbonium particles dispersed in an epoxy resin.

A two-part system, it is said to bond to concrete, metal, wood or plastic, for applications such as garage forecourts, swimming pool walkways, shower room floors, etc.

The maker says the coating can be applied by unskilled workers using a brush, trowel, roller or airless spray equipment.

Available in a range of colours, coating thickness is from 750 to 1,000 microns, and the coating is guaranteed for up to five years under normal conditions.

Details from Safety Tread, Crown Wharf Ironworks, Dace Road, London E3 2NL. (01-485 4407).

## ● PROCESSING

### Hydrogen on demand

DELIVERED READY for equipment that satisfies this need has successfully completed development trials.

Trailer-mounted it weighs one tonne and is fuelled by a methanol/water mixture which is heated electrically and passed over a catalyst to produce a mixture of hydrogen and carbon dioxide. Diffusion of this gas mixture through silver-palladium tubes yields approximately 150 cubic feet (4.2 cubic metres) of ultra-pure hydrogen per hour—more than sufficient for the continuous filling of one meteorological balloon each hour.

Power absorption is only 2 kw per cubic metre.

Designed for use in any part of the world and at extremes of temperature the generator is extremely mobile and can be rapidly towed over rough country.

Johnson Matthey, 100 High Street, Southgate, London N14 5 ET. 01-882 6111.

## ● COMPUTING

### Satellite data link

A SPOKESMAN for Satellite Business Systems Inc., the IBM-Comsat-Aetna owned communications operation with headquarters in Washington, has stated formally that SBS has no plans to expand its services to Europe.

He asserted that there were no plans, either, to provide special links with the existing transatlantic satellite systems, and that the SBS application for permission to start a service to the Federal Communications Commission is solely for the continental U.S.

Whether that will be enough to put an end to current rumours is doubtful. Opposition to the SBS plan for the domestic market is known to be heavy and mounting particularly from AT&T. The latter's appeal against the initial granting of

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## ● TEXTILES

### Improved synthetic threads

PRESENT SEWING requirements are for fine threads with high seam strength, because the need for economic production and the use of lighter weight fabrics which are prone to damage or pucker. Greater attention means that increased consistency or performance expected shade to shade batch to batch to provide efficient production.

English Sewing says it is introducing three new synthetic threads, which have been developed by a spun polyester Star, improved the performance of Polyl and revised and dated the Trylko shade range.

The company says improved spinning and twisting has increased thread strength and improved physical properties, as all the new threads a new of lubrication has been introduced which is claimed to reduce beating and static.

Details from the maker: Oxford Street, Manchester, M13 (061-228 1144).

## ● TELEVISION

### Three small systems

RECENTLY put on the air are two miniature, closed circuit television systems for surveillance from ETV-1250 and another for underwater inspection from Westinghouse.

The Philips equipment, designated LDH 8334 and providing 400 and 600 line resolution respectively. But based upon a 2/3 inch tube, although other types substituted. A wide choice of zoom and other lenses is applied and the equipment operate over a temperature range of minus 30 to plus 50 C. The 8335 offers operation from midday sun to the glimmer of a candle in all weathers. A complete series of monitors is available for both ranges.

The Westinghouse equipment, ETV-1250 has a 14 inch 12 inch long camera lens control unit with a 125 ft. multilead underwater cable over half an inch diameter. The videon used over 500 lines resolution to produce a usable picture 0.06 footcandle of illumination.

Able to perform reliably in high radiation environments, was designed initially for underwater inspection of reactors—the camera lens adjustment over a 1000 ft. change in light levels, operate in water depths of minus 25 to plus 50 ft. The control unit weighs and measures 11 x 15 x 15 in. It has a four inch view built in, together with 150W power supply for optional, integral light source Philips is on 0223 461 Westinghouse on Windsor

### CDC fight at the top

CONTROL Data has unveiled in the U.S. two new machines. One is an entry-level, medium-scale system—the Cyber 171—priced at under \$20,000 per month. The other is the Cyber 176, at the top of the line, and in the class of the world's largest commercially available equipment.

The two new computers employ the same software operating systems and distributed network processing architecture as the other four models in Control Data's Cyber 170 series.

The new models allow users to increase the performance of their installations by adding processing units and larger memories, but without the expense and frequent delays often incurred with major software programming changes, CDC asserts.

A basic Cyber 176, with 13 times the performance of the model 171 has a total monthly ownership cost of approximately \$150,000, also on a five-year lease.

First customer shipments of the Cyber 171 will begin in July, and initial shipments of the Cyber 176 are scheduled for the fourth quarter of 1977.

### Mini price prediction

ACCORDING to a report compiled by Infotech—the first of eight it intends to publish on the computer industry this year—the cost of a typical mini-computer will continue to tumble.

Machine taken for the basis of the estimate is one with 300k bytes of addressable memory, two million bytes of disc, graphic display with graphic input and 30 characters/sec printer—something of the order of a PDP-11/55.

The report says that in 1965 such a computer power would have cost £900,000, in 1970 £245,000, and in 1975-£41,000 and by 1980 the report predicts, a mere £7,000 (inflation is accounted for in the past values, but not those of the future).

The double volume report examines the market for mini-computer architecture and covers complete systems together with networks and distributed processing. Applications and data-base software is dealt with, and there is a special section on microprocessors. Containing 600 pages, the report costs £90. More on Maidenhead 32588.

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# The Management Page

The attraction to the National Enterprise Board of Reed and Smith may be that its problems are confined to just one part of the group. Nicholas Leslie reports

## Turnround of a paper-maker

TWO OPTIONS, crucial in the disastrous project abandoned last year, were the subject of a meeting in London last week. Mr. David Harrison, chairman of Reed and Smith, had already had the machinery for the new mill represented almost half the assets of his group, Reed and Smith or he could invest well over £1m. in plant which, if the company went well, would put the company back on an even keel.

David Harrison's inclination was to invest. But the group had a poor profit record, its immediate prospects were not particularly good, and group debt had already soared to £2.5m., compared with an issued share capital of just £3.5m.

He approached some City institutions for cash and had to raise the matter in some form of finance. That he did not do so appears to be due partly to a feeling that unacceptable preconditions might have been attached to any City finance. What settled the matter was the reaction of the National Enterprise Board when he telephoned to inquire about raising a loan. He found—somewhat to his surprise although he hesitates to admit it—that after just over two months of negotiations he had the cash he wanted.

In the process, Reed and Smith became the first arms-length investment of the NEB in a publicly quoted company. It has become an associate, rather than a subsidiary of the NEB, but it is clear that the NEB could exert considerable influence if it so wished.

not well at Wansbrough. The mill lost money, despite the buoyant conditions, and the quality of paper was not being maintained.

Several problems existed: not least was an inadequate management structure. This was tackled at an early stage and in most parts of the group top management of the constituent companies on the paper side of the business has changed completely in the past two years.

Three of the four Wansbrough machines—used for glazing paper to provide a sheen, such as on paper hags—were, in Mr. Harrison's estimation, inefficient to the point of running at one-third the speed of those of the company's most successful competitor.

The fourth, and biggest, machine was making 25,000 tons of paper a year in 32 different grades, a situation which was felt to be not only inefficient, but made quality control extremely difficult. The number of grades was therefore reduced to three, even though this meant that the amount of fluting produced increased by 16,000 tons a year—right in the middle of a recession. But by adopting a much more aggressive marketing policy, this extra amount was sold. At the same time, 180 of the 490 workforce were made redundant.



Mr. David Harrison, chairman of Reed and Smith.

Another problem was that the effluent plant could not cope with the volume of waste water and a great deal of fibre was being washed down the drain, costing the company a lot of money. To alleviate the situation, arrangements were made to reduce the amount of water taken from a stream adjacent to the site from 130,000 gallons an hour to 50,000 gallons.

Mr. Harrison also found that there was no formal system of monitoring the progress of each company, or any central financial control. This was rectified by installing formal management accounting systems and by making each of the group companies a separate profit centre answerable to a holding company which acts as co-ordinator and banker for the group. Monthly accounts are now produced and profit forecasts are updated every quarter. A five-year plan is also now being prepared.

Apart from Wansbrough the group appears to have been relatively free from problems. New management was appointed at the Silverton mill which makes paper for books and the speed and efficiency of machines there increased, with a consequent improvement in quality. Cullompton, which makes

cheaper paper for race cards and bingo tickets and similar items, was operating reasonably well, while the jewel of the paper business, the Taplow mill in Berkshire, was consistently producing good quality fluting and lining on modern machinery and had a good sales organisation.

On the advertising side, profitability was being maintained even during the difficult years of 1974 and 1975 and it seems quite possible that its financial contribution saved the group from going under.

Thus, Reed and Smith's weakness was centred on one part of the group—albeit a division which represented nearly one-half of group assets. This meant the problem could theoretically be monitored more easily than if the weaknesses had been widespread. Such a situation may well have appeared attractive to the NEB given that its administrative structure probably precludes a monitoring capability which would match, for example, the larger merchant banks.

### Replacement

The paper-making machine which will now replace the three small ones is scheduled to come on stream in August. Although it has been lying around for six years unused, it is still a modern machine, according to Mr. Harrison, and will do all the work and more of those it replaces. The cash raised from the NEB has been used towards buying ancillary parts of the machine, while installation costs are being helped by a £350,000 grant from the Department of Industry.

The company needs to get it right at Wansbrough, and quickly, since it still faces difficulties. For example, in July, the cost of gas for powering its mills will go up sharply over a 12-month period from £500,000 to £1.3m. a year.

### Efficiency

This is why Britain needs to have an accounting standard on CCA and why it must aim at more than just a few rough adjustments to the profit and loss account of what the ICMA cynically refers to as "past results." It is easy to say that accountants should concentrate more on improving the efficiency of British industry and less on inflation accounting but it becomes a joke to say it when over 50 per cent of your members—71 per cent of them in

## Differing views on priorities

BY MICHAEL LAFFERTY

the vital field of manufacturing industry and presumably in positions of influence—report that the companies in which they work do not already take account of inflation in their management accounts. The other "major" submission which the Morpeth group has so far received comes from the Committee of London Clearing Bankers. Apart from reiterating the banks' familiar case for special treatment, to allow them to have a cost of sales adjustment on their net money assets, it takes up a strong position on the overall

Instead of recording effects of inflation on company results, priority should be given to tackling inflation itself, says one of the accountancy bodies

Incidentally, all submissions are to go on public record shortly after the discussion period ends on May 31. But if companies think that their only big worry in the accounting held is current cost accounting they are likely to be surprised. The EEC intends to pass an extensive law on annual accounts called the Fourth Company Law Directive later this year, possibly as soon as June. This will bring many changes to company accounts, not least because of its preference for standardised balance sheets and profit and loss accounts. It also has quite a lot to say about disclosure and will require, for example, the publication of the cost of sales and gross profit figures for the first time in company accounts in the U.K.

Opportunities The opportunities for influencing the content of this directive are now almost over. Agreement has been reached between member states, with the U.K. having secured many changes which make the requirements less onerous here on all but three so-called political areas. These involve the degree of historic cost information which must be given where inflation accounts are published, the relationship between the directive and the draft seventh directive on consolidated accounts, and the extent to which small and medium companies should be exempted from the provisions. However, there is still time to make views heard on the much more significant seventh directive. This document, un-expectedly referred to as the consolidated accounts proposal, may truly be said to have implications which are far beyond anything yet appreciated in the U.K. It will be discussed in detail in the next column.

### Manpower

As yet, however, the NEB has not even exercised an option to appoint a director to the boardroom of Reed and Smith. Whether this is because it feels such a step is unnecessary or because it has not the manpower to spare is unclear, although it could get round the latter problem by appointing somebody from outside the NEB as a representative non-executive director. Meanwhile, the company seems to be preparing to let Reed and Smith run its own affairs while monitoring the state of its business and cash position through monthly reports.

The cash provided by the NEB is £1.1m. and is to be used to install a new paper mill at the company's Wansbrough plant in north Somerset to replace three old and inefficient machines. As the result of a

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The principal weapon in the Inland Revenue's armoury against tax avoidance of the type you have in mind is section 30 of the Income and Corporation Taxes Act 1970, as amended by paragraph 13 of schedule 6 to the Finance Act 1971. Assuming that you have not carried out similar tax avoidance transactions in any of the last three tax years, you can defend yourself against an attack under section 30 for current year (or next year, as the case may be) by proving "to the satisfaction of the Board that the avoidance of tax was exceptional and not systematic"; hence your brokers' admonition to be abstemious at the well.

Like most legislation aimed at tax avoidance devices, section 30 (as amended) is complex and arbitrary. Oddly, it tends to operate more often against a "taxpayer" than against the very wealthy, because the trigger mechanism is linked to the avoidance by a taxpayer of more than 10 per cent of what would have been his "excess liability" gathered that there were deals in the securities in question had been deemed to accrue from day to day, and had been deemed to have been received day by day, as it accrued. The expression "excess liability" means roughly the excess tax (if any) that he would have had to pay on the daily income if it had been paid under deduction of tax at the basic rate.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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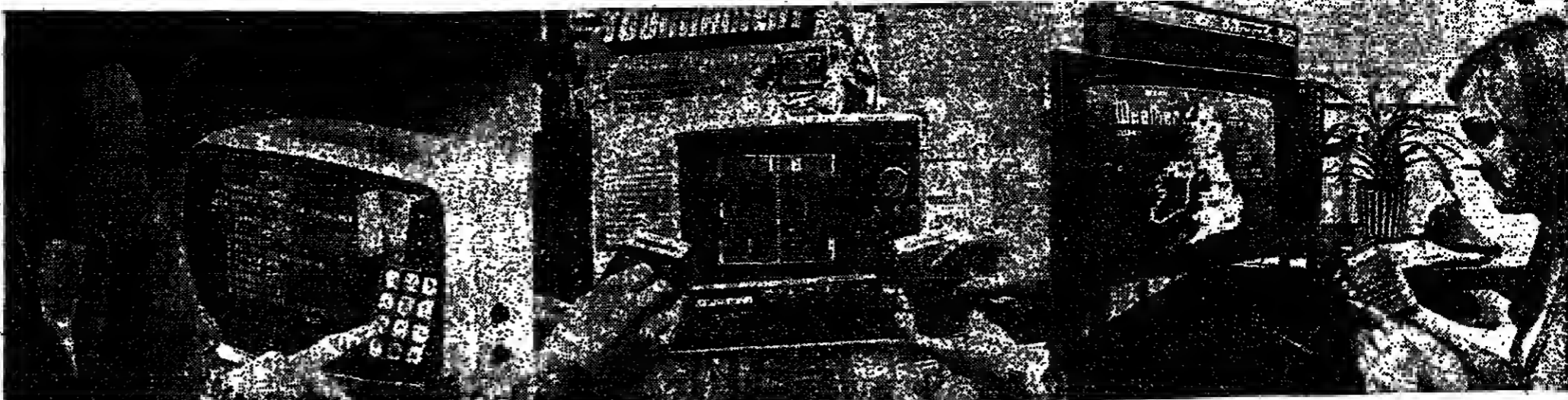
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Viewdata (left), the information service developed by the Post Office; Interton 3,000 Tournament (centre), the TV sports game for use on any BBC2 receiver; and Teletext (right) adaptor developed by Fyc.

Carterian logic

THERE is no dilemma to-day more difficult to resolve, President Carter said in his latest weekly statement... "that is connected with nuclear power."

The differences in energy resources between the U.S. and its industrialised friends hardly need stressing. It is not surprising that those countries with the richest conventional energy resources tend to be the most interested in the rapid development of nuclear power.

The price could be too high. THE Government approaches the start to-day of its formal talks with the TUC on the next phase of the pay policy with an obvious and repeatedly stressed determination to reach agreement.

MUCH needed boost to the flagging prestige of the British television industry could be given by the expected announcement by the BBC this summer of plans to exploit teletext—an invention pioneered by the BBC.

The ability to sell television sets may soon depend, as with motor cars, on the provision of a large range of optional and standard extras supplementing their basic function.

The risks—and the opportunities—of the new commercial territories which have been opened up by the technology of integrated circuits are well appreciated by manufacturers.

Formidable competition. But even the chance of selecting from hundreds of thousands of pages on the Post Office's related system, "Viewdata" might not be enough to tempt a mass audience.

Suppliers. The oddest factor of all, however, is the way that the President appears to have overlooked the progress that was already being made towards checking proliferation by the advanced industrial powers.

integrated circuitry could bring to £500. But from the market point of view, audio and hi-fi has one great advantage over television. Its range of quality is almost indefinitely extensible.

Divided opinions. Enthusiasts within the BBC would have liked to see more rapid progress after the truly experimental period between 1970 and 1975.

There are several other possible "extras" whose circuitry would, a few years ago, have been almost as complicated as that of a complete television.

And, now the instruments are put away, what about those stories of night-courting while on tour? Gaudin rose nicely to the question.

MEN AND MATTERS

Up the London Symphony

Anthony Camden, chairman and principal oboist of the London Symphony Orchestra, talked yesterday of "ups and a lot of downs" over the LSO's last couple of years.

It is a crucial time for the LSO to be pulling as well as playing together. Next month it undertakes a packed tour of Europe, performing 19 concerts in Germany, Hungary, Czechoslovakia, Yugoslavia (the LSO's first visit there), Austria and Switzerland.

Some of the LSO's critics at the time of strife thought its troubles stemmed from lack of discipline. Such a charge is perhaps understandable as the 73-year-old orchestra is self-governing, like its London rivals.

Pay is a constantly sore point. Camden reckoned that a principal player with the LSO would make about £140 a week, and he contrasted that with the situation in Paris, where on Saturday during rehearsals for a Silver Jubilee concert next day in the Royal Festival Hall,

which will launch the Europe tour. There were loyal smiles from the top brass of the LSO as a man from Rank Xerox described the sales promotion prospects for the tour.

Previn himself appears firmly in situ after the dramas of late 1975 when there was some agitation for his removal, as well as disputed reports of the off-duty antics of LSO players during a tour of Japan and South Korea.

And, now the instruments are put away, what about those stories of night-courting while on tour? Gaudin rose nicely to the question.

Gush and slush

If the ugly Jubilee mugs, silver buses, pearly queens, village fetes and all the other quasi-feudal manifestations of Jubilee year are getting you down, take heart—the British Communist Party's plans might well appeal to you.

The Party is organising its own "People's Jubilee at the Palace" on June 19. This does not mean that a revolutionary take-over is planned; the palace in question is not Buckingham but Alexandra Palace where the Party aims to provide "a living alternative to the gush and slush of the other Jubilee."



"To-day, I want you to compose a militant slogan aimed at an arrogant, stinky local authority."

legalised by the Government of Spain's constitutional monarchy and Carrillo himself had grudging words of praise for the way in which the move towards democracy in Spain is being handled by the post-Franco regime.

For those anxious to hear his views on this and other subjects Carrillo will be on hand together with British Party secretary, Gordon McLennan, and a star-spangled cast of entertainers including Britain's first-over Grand Chess Master, Tony Miles, who will take on 25 chess players simultaneously; a battle between a 15-foot-high inflatable pink elephant and a giant green dinosaur; and more traditional concessions in popular culture like Punch and Judy, the Aswad reggae band, and escapologists.

Computer bureaux are turning to Prime to provide cost effective timesharing services. GSI in France, LMR, Counting House Systems Wootton Jeffries, Rabbeck Hunter and PAFEC have all become commercial data processing and engineering development partners to a whole new range of users with the Prime multi-user system.

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# FINANCIAL TIMES SURVEY

Wednesday April 13 1977

# ITALY

Italy is overcoming some of its economic problems through short-term measures—but politics is still at the root of the country's problems. The prospect of a stable government may now depend on a grand coalition which would include both Communists and Christian Democrats.

## The battle for control

By Dominick J. Coyle

BY MOST conventional standards, Italy is now ungovernable. It is not just the recent and serious rioting in the streets of Rome, Milan, Bologna and half a dozen other cities; student demonstrations over some genuine grievances which were clearly infiltrated and exploited by political extremists; nor the gradual breakdown of law and order, including the continuing wave of kidnappings which just before Easter was extended directly into the political domain when the son of the veteran socialist leader, Signor Francesco de Martino was grabbed by terrorists. More fundamentally, it is that an conceivable party political mix now appears to exist which can command a majority in parliament while at the same time receiving anything approaching a national consensus for its policies.

At the outset of any review of Italy one is therefore compelled to face up to the all-important question. The Communist Party (PCI) with some 31 per cent of the national vote in the last general election, is now, as it claims publicly, in a position in which the country cannot be governed effectively without the Communists. A minority they still are, but too large and too potent a force in Italian life to-day to be excluded totally from the governing process. But the Christian Democrats (CD), who have ruled Italy either alone or in coalition for the past three decades, are now also a minority, and in terms of the popular vote they are only 4 per cent ahead of the Communists. Yet consensus is not possible if the communists are always to remain in opposition, but there is no reason to believe that anything sensible would emerge simply by a reversal of roles, by the CD going into opposition and the PCI becoming the sheet-anchor of government, together, perhaps, with the small Socialist Party and some of the country's other smaller factions. Indeed, a more likely—many, including some communists, would say probable—outcome would be revolution and the seeds of a civil war. This may sound over-dramatic, but not, one suspects, to the Communist Party's leadership. It is not just fears of a possible duplication in Italy of the Chilean experience, but a cold calculation that a real measure

of national consensus can only be brought about through a smaller party in the mix to pad out the numerical majority. This process would certainly bring out the fascist elements, which even now are none too latent in Italian life—the neo-fascist MSI captured almost 24m. votes last June—and the mood it would produce could be expected at least to reflect tendencies in the Centre-Right faction of a Christian Democrat Party in opposition. Such a coalition would surely spill over on the streets, inevitably pushing a Left-wing government coalition into the kind of authoritarian response in the name of law and order which many anti-Communists already fear would be the instinctive reaction of the PCI in government in any event. It could only be a recipe for disaster, as top Italian Communists themselves fully appreciate. But is there, in fact, no other alternative? Signor Giulio Andreotti, the present Christian Democrat Prime Minister, thinks there is, albeit hardly a long-term one. Not only does he think there is, but right now his uncertain Government is a living example of it. It has no working majority in Parliament but has survived over the past eight months through the tacit support of both the Communists and the Socialists. Officially, the two main opposition parties have adopted a policy of abstention, but in fact it is a lot more than that and certainly not a question of abstention in the

Left alternative, a Communist Socialist alliance with some smaller parties in the mix to pad out the numerical majority. This process would certainly bring out the fascist elements, which even now are none too latent in Italian life—the neo-fascist MSI captured almost 24m. votes last June—and the mood it would produce could be expected at least to reflect tendencies in the Centre-Right faction of a Christian Democrat Party in opposition. Such a coalition would surely spill over on the streets, inevitably pushing a Left-wing government coalition into the kind of authoritarian response in the name of law and order which many anti-Communists already fear would be the instinctive reaction of the PCI in government in any event. It could only be a recipe for disaster, as top Italian Communists themselves fully appreciate. But is there, in fact, no other alternative? Signor Giulio Andreotti, the present Christian Democrat Prime Minister, thinks there is, albeit hardly a long-term one. Not only does he think there is, but right now his uncertain Government is a living example of it. It has no working majority in Parliament but has survived over the past eight months through the tacit support of both the Communists and the Socialists. Officially, the two main opposition parties have adopted a policy of abstention, but in fact it is a lot more than that and certainly not a question of abstention in the

On the contrary, the Communists, the socialists and to a lesser extent the other small parties are consulted closely by the Prime Minister in advance of every major decision, not just as to whether they will abstain from outright opposition, but on the actual details of whatever measure is to be announced. In that sense, the Italian Communists are already in the process of Government, indeed, many Christian Democrats complain bitterly in private (and some few of them in public as well) that the PCI has much more influence over the policies of the Andreotti Government than has the Premier's own party. Signor Andreotti would reply: that in Italy's present political circumstances, there simply is no other way.

immediately for seats in the Cabinet, and it appears to be working towards a kind of back-door entry, at least to the Cabinet anti-chamber. There would, on this scenario, be all-party agreement as a package to the Government's overall economic and social programme in all its policy, anti-inflation measures, immediate steps to reduce the high and growing level of unemployment and a restructuring of the major State industrial corporations. This done, the Communists would then continue their policy of parliamentary abstention, or indeed might even consider moving closer to Signor Andreotti with some positive voting support.

is maintained at a high level—even more so when combined with recurring violence, much of which, in part it mildly, is politically inspired from both extremes of the ideological spectrum. Add in Italy's current economic difficulties, including the country's seemingly endemic trade deficit, its 20 per cent plus rate of inflation, external debts of some \$17bn. and the Bank of Italy's limited available reserves to defend any further speculative attack on an already weak lira, and one gets some measure of the climate in which industry must operate. The miracle, in a sense, is that the country does manage somehow to keep going, its institutions to function (although with an Italian concept of efficiency) and its people to preserve not only their sanity but also their capacity to enjoy life, to live and eat well. They have, after all, an essential flexibility, and perhaps this is nowhere more evident than in the capacity of much of industry, principally what can be described as the secondary sector where small private entrepreneurs predominate, to adapt quickly to changing commercial demands and altered economic circumstances. And it is this secondary sector which, in the main, continues to trade well and profitably, and to provide the backbone of the country's exports. This sector has none of the notoriety, or less famous Italy is recognised; the staggering debts—of State giants like IRI, ENI and in a sense Montedison too, and a sense of uncertainty about the future of the Andreotti administration ensures that political tension

BASIC STATISTICS	
Area	116,314 sq. miles
Population (mid-1975)	55.81m.
GNP (1975)	\$171.5bn.
Per capita	\$3,070
TRADE (1976)	
Imports	L.36.3bn.
Exports	L.30.9bn.
Imports from U.K.	£226.4m.
Exports to U.K.	£1,106.2m.
Currency: Lire	£1=L.1,526

### Motivation

A series of bilateral meetings sponsored by the Socialists to bring about such a "new majority" will resume now that the Easter holidays are over. For the Socialists the clear motivation is to try to prevent themselves being squeezed out into political irrelevancy between the two big forces in the country. Most of them would happily join another Centre-Left experiment with the Christian Democrats, but they fear that this would merely accelerate their own demise, and the last elections showed that the voters are increasingly seeing the issue as between the Christian Democrats and the Communists. Inevitably, the almost daily uncertainty about the future of the Andreotti administration ensures that political tension

good thing it is for Italy. Out in the regions, and especially in Lombardy and Piedmont, the small to medium-sized industries are demonstrably less concerned with national political problems than with commercial profitability. To them trade unions are there at the factory-floor level to be negotiated with, often over a pasta and a glass of wine, but free from the concept of global solutions to Italy's problems which seem to preoccupy the union and employee confederations in faraway Rome. The regions, too, are often good examples of Communist, Socialist and Christian Democrat reaching something of a working arrangement in local government, not altogether different from what Signor Andreotti is trying in Rome. Yet even there the central prob- lems of the country are seen to be fine in limited functions, but it is a different

CONTINUED ON PAGE III

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ITALY II

# Short-term answers to economic problems

THE ESSENTIAL resilience of the Italian economy is in many ways quite remarkable, and perhaps this is the reason why many Italians still look confidently to the future, whatever the present economic problems. Despite an uncertain political climate, a fast depreciating currency, a deteriorating balance of payments position and a sharply-increased level of inflation, Italy last year came out of its worst recession in some 30 years and registered a growth rate of well over 5 per cent. Even the optimists at this time last year—and there were not many of them around then—spoke cautiously of the possibility of 2 per cent.

Anyone who has observed Italian drivers move away from traffic lights realises that they do not waste much time. The national economic machine, with all its underlying structural defects, clearly did not hang about either in 1976 when the "stop" signal turned to "go." But it is, for all that, the same old stop-go routine familiar enough to British readers. This year the Italian authorities are pitching deliberately for a zero growth rate precisely because the 1976 expansion was excessive and left Italy with a trade deficit of \$5.5bn., or setting on for double that of the previous year.

The economic strategy now, in so far as it is apparent from a minority Christian Democrat Government which almost daily appears to have to trim its policy sails to opposition requirements in order to stay alive, is to rapidly, if temporarily, reduce import pressures by cutting internal demand through credit restrictions and higher taxation. The second side of this short-term strategy coin is to boost exports by making them more competitive through a cutback in escalating labour costs.

## Sombre

Signor Giulio Andreotti, the Prime Minister, put the overall economic scene into perspective in a sombre report to the action last September when he forecast new taxes and announced an immediate 10 per cent foreign currency surcharge as a temporary prop to a falling lira exchange rate.

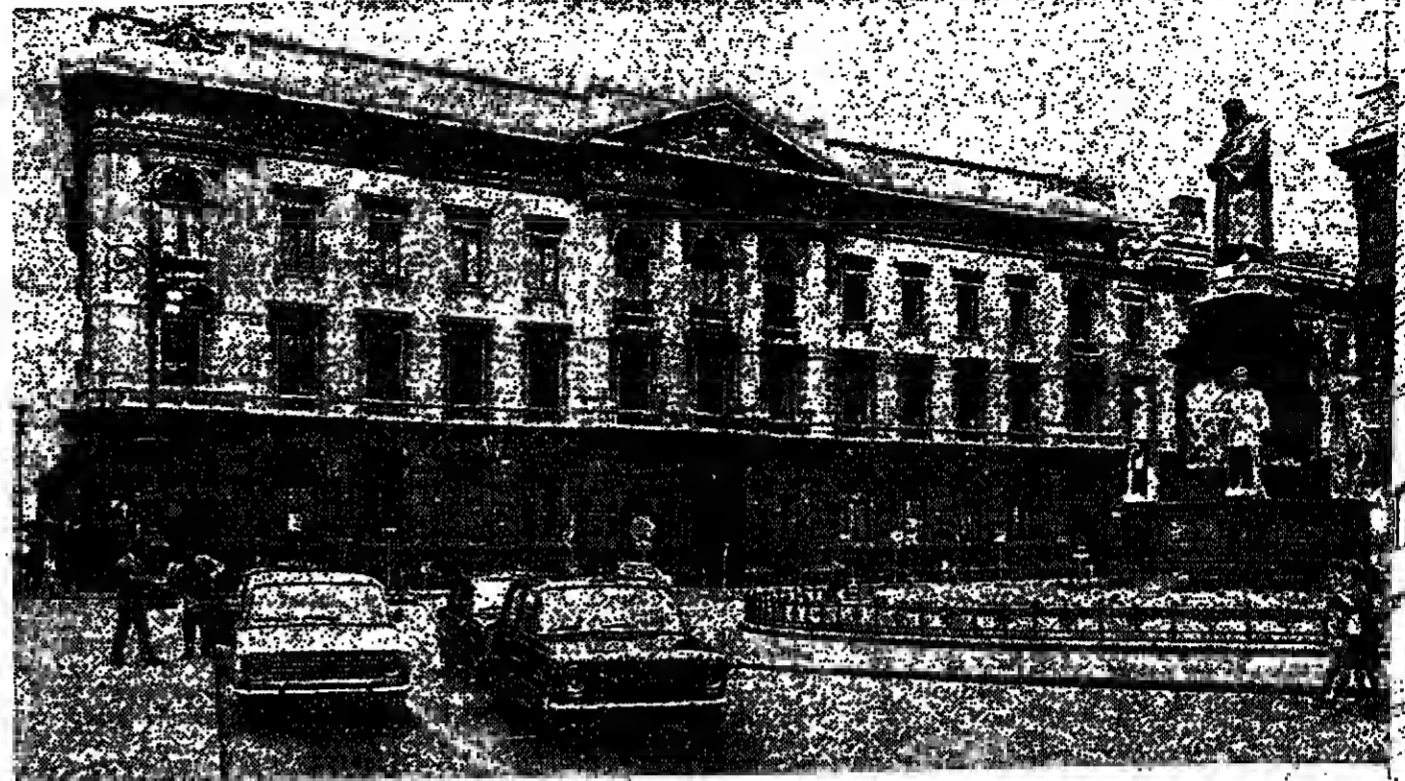
Simply stated, his scenario was this: Italy was living beyond its means; the inflation rate was way out of line with that of the rest of Europe; too high a proportion of resources was going into consumption; too little to investment; the country had debts of some \$17bn. and, in effect, could raise no new loans, without drastic policy changes; the Bank of Italy had few available reserves, in part the result of an expensive, and ultimately unsuccessful, attempt to halt the slide of the lira. All in all, he could promise nothing but sacrifices.

On the not wholly unchallenged assumption that the income elasticity of imports is predictable, the Government decided that a sharp bout of austerity measures to cut growth deliberately would produce the quickest response on the trade account. Hence, some L4,000bn.-L5,000bn. or roughly 2½ per cent of GNP, was to be taken out of consumption through higher taxes (petrol, for example, went to the equivalent of £1.60 a gallon) and a long overdue upwards adjustment in a range of public-sector services. Lower imports apart, there was the argument that the public-sector borrowing requirement would consequently be lower as a result of the transfer of resources, thus making a direct contribution to lowering an inflation rate then hovering around the 20 per cent mark.

The package helped to hold the lira relatively steady at around 860/870 to the dollar (compared with 680 nine months earlier when the authorities were forced to close the foreign exchange market temporarily in the face of a major speculative run on the currency). But the more important—and by their nature purely artificial—stabilisers included a range of mechanisms such as a 50 per cent import deposit scheme, a foreign currency surcharge, and a Bank of Italy discount rate pushed to an historic high of 15 per cent. The stock market's response to the Andreotti package was more direct—the Milan bourse hit a 20-year low!

The October package has yet to work its way through the system, and the result could be a much longer recession than the authorities had planned or than Italy really needs. But measures to hold down imports are only one side of the coin. Excluding for the moment the fuels to inflation from the public sector's own borrowing requirement, the drive to make Italian exports more competitive is of greater ultimate importance.

This in a sense is where the



The Banca Commerciale Italiana in Milan.

International Monetary Fund has come in, starting as far back as in January of last year when, using the extended drawing rights agreed at Jamaica, Italy sought a further loan of \$530m. A fund mission at that time almost suspended negotiations, not, as was commonly assumed at the time, because the Government of the time had planned on a combined Treasury and public sector deficit which the IMF considered excessive, but because the IMF team could not really find out what the deficit was likely to be. A general election and the new Andreotti Government later, the IMF was back in Rome, and it was only last weekend, some 15 months after the original exchange crisis, that Parliament finally approved the contents of Italy's letter of intent.

The restraining influence of the IMF team, led by Mr. Alan Whitmore, has, of course, been exploited by Signor Andreotti to drive home his own economic truths, in particular, both the minority Government and the IMF wanted, as an essential weapon in the fight against inflation, some changes in Italy's system of quarterly threshold payments which isolate Italian workers' wages from the ravages of inflation.

Indexation, coupled with high settlements in national wage negotiations, have combined to raise production costs. For example, minimum contractual wages are estimated to have risen last year by some 24 per cent, in agriculture 23 per cent, in industry 23 per cent in trade and more than 24 per cent in transport and communications. In a developed world adjusting, albeit late and reluctantly, to the rise in oil prices, these figures represent an actual advance in real terms, even after discounting Italy's high level of inflation. The question was how best to secure adjustments to the indexation system which would contribute to a lowering of the growth in labour costs while at the same time carrying the co-operation of Italy's three powerful trades union confederations.

The Andreotti Government, greatly encouraged by the IMF, decided to tackle the issue head-on. Official projections for increases in threshold payments on the basis of the present arrangement suggested that the escalator scale would rise by one point in the quarter to end-February 1977, seven in the three months period to May and by six and five points in the two succeeding quarters. But this total of 27 points in a full year was way out of line with the insistence by the IMF, in exchange for a new loan to Italy, that the inflation rate in the current year should be kept down to some 16 per cent.

The way out determined by the Government was at least original. The cabinet decided, in effect, to subsidise Italian labour costs directly by transferring to the central budget a part of the sizeable social security costs now borne by employers. But given IMF-imposed upper limits for both the Treasury and overall public sector deficits, a way had to be found to "compensate" the Treasury for this gesture of apparently central Government generosity.

between the Prime Minister and top labour leaders, the Fund was asked to accept an amendment to the proposed letter of intent. The unions, while rejecting the so-called "sterilisation" of indirect taxes, were reluctantly prepared to make some contribution to reducing the rise in labour costs. They approved their offer just before Easter a modification to the weightings applied to three components of the cost-of-living "basket," namely newspapers, urban transport and electricity. The unions themselves claim that in terms of real "savings," through lower future threshold payments, their offer is actually better than that proposed originally by the Government.

The IMF, for its part, has accepted the amendment reluctantly, and the \$530m. loan is to be released in stages. The size of the loan is, of course, almost derisory, but it is seen in Rome as something like a credit card, or perhaps even more as a kind of certificate of good economic house-keeping on the strength of which Italy should be able to raise additional loan support, not just from the EEC, but also through the Eurocurrency market as well. Meanwhile, Italy should now have no real problem in meeting its debt repayment commitments of some \$1.4bn. this year, although 1978 could be a little more difficult when repayments will amount to more than \$2½bn.

## Decision

All of which shows that Italian economic management, for the moment anyway, is rather of the hand-to-mouth variety, a crash course to deal with an immediate balance of trade problem which, fortunately, has not been reflected proportionately on the payments account for 1976. Despite a virtual donning of the trade gap—Italy has an average daily trade deficit of \$18m, the payments deficit overall was little more than \$1bn., or roughly the same as in 1975. The explanation lies in a steady flow of short-term capital, including loans, which exceptionally high interest rates have done nothing to discourage; an officially inspired lengthening of import lags and shorter export lags; and a voluntary (under threat

of tougher penalties) repatriation of illegally exported capital. The latter is an ongoing problem in Italy, but one only conclude from the closeness of the official and parallel, or black market, exchange rates that for the moment it has come to a halt, or at least the flows are being more or less equalised. Given the delicate position of the lira, despite sharp depreciation, this could be an important element of the next few months, in particular to ensure that most money and the remittances of Italian workers abroad find their way into the Bank of Italy.

But in terms of economic management, it is still relatively short-term stuff. Fundamental structural weaknesses of the Italian economy remain, not least the concentration of production capacity in the vast State semi-State entities which have become virtual governments themselves, and over-finances the central Government has virtually no effective control. Rome is summing up the debts have mounted up, all proportion, but one suspects constantly than even cabinet is surprised to see the full figures of what suffered by the likes of ENI, Montedison and others. Many of these vehicles established and maintained accommodate the political patronage requirements of the ruling Christian Democrats today they have little value in general, badly managed, their presence in the private sector, has many observers, and important many potential side investors, as to whether Government really does have long-term economic policy, an industrial strategy to go it. A recent Citibank loan Italy had a characteristic succinct conclusion which is altogether short of the mark. It said: "Italy's long-run only may depend less on the commitment of the Communist democracy than it does on the Christian Democratic capitalism."

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Monetary values in US dollars were calculated at the exchange rate of Lit. 875 to the US dollar.

# Running out of political options

THERE IS room for a concise polemic, as loved by Italian politicians when they have nothing positive to say, or at least when they feel obliged to speak but have no intention of actually saying anything of substance. There is, I acknowledge, a real risk in making this type of opening statement on the present Italian political scene since it provides — or at least will be accepted as — a ready-made material to those who (or claiming) the "inside track" to demonstrate that this particular observer has failed miserably to grasp the real significance of what is actually happening in Italy on the political front.

These commentators will see evidence of an inability to read between the lines, to detect the nuances which, it seems, are daily available to the experienced eye and ear in the outpourings, analyses and sub-analyses of the Press, radio and television almost without let-up. Incidentally, the amount of newspaper and air time devoted to politics would convince all but the knowing that Italians take their politics seriously but just about nothing else. It is, of course, untrue, outside the ranks of the real party activists, or indeed in general outside Rome, since elsewhere in the country most people are too busy getting on with trying to make a living, some of them succeeding very well indeed, despite the current all-prevailing economic gloom. If the all-prevailing passion of the population, and certainly of the megalomaniacs, was said to be sport, then I for one would believe it, but politics I doubt, at least not of the day-to-day variety. Whether or is it when the Communists actually enter the Government is, I concede, a major question, although not by any means a constant one outside party political ranks.

appear relatively simple. The long-ruling Christian Democrats have seen their popular support being eroded gradually over the years, first at the point where one-party majority rule was no longer possible, and then to the stage where the so-called centre-left formula, Christian Democrats and Socialists in coalition with or without some small party fringes, no longer represented a national consensus or a clear ruling mandate. This erosion, of course, happened precisely because the Communist Party, proclaiming its own brand of Eurocommunism (or, more correctly, taking credit for the birth of this concept) has made steady headway with the electorate to the present point following last June's general election, where it has more than one-third of the popular vote and is barely four percentage points (and only 55 seats in the Chamber of Deputies) behind the Christian Democrats. In the process, incidentally, the Communists, either on their own or with the Socialists, now control many of the country's most powerful regions and most of Italy's major cities and towns as well.

## Control

CONTINUED FROM PAGE 1

question when it comes to the central Government. This ambiguity is, incidentally, facilitated in a way by the curious system of Italian devolution, whereby power has been devolved in some measure to the regions, but it is Rome which still imposes the taxes and tries to collect them. Entrepreneurs in Lombardy and elsewhere in the north are doing nicely, in terms of profit, but one suspects that they are also near the top of the queue when it comes to shifting money illegally out of Italy to Switzerland and elsewhere. And in the lira, despite the fact that its depreciation, like its own, is an important element to be taken into account in the long term, in Rome they just talk about the Communist question: in much of the rest of Italy a lot of people are at least taking out "insurance policies" — just in case. But then that, too, is part of the flexibility of most Italians. Finally, there is a need to end the Italian crisis piece as it began by returning directly to the Communist Party. Clearly a great many Italian voters now accept that the PCI does have its own brand of Eurocommunism, that it has broken away for good from the rigidities of the old Marxist-Leninist formula. But Italian Communists themselves may well have their own problems as preparations get under way for the party's next big congress. The so-called "left alternative" is seen to be impossible and the Christian Democrats persist in their refusal to concede the Compromesso Storico, what then for the party and its present leadership? It is, as indeed it is, a rhetorical question, but perhaps it does underline a not generally accepted fact that it is not just the Christian Democrats, with their internal factions, intrigues, corruption and plain, ordinary administrative inefficiency, who have all the problems as Italy faces a very uncertain political and economic period ahead.

Still, no review of a country can be complete without there being some scan over the political scene, the more so perhaps in Italy, which has had some three dozen governments since the Republic was declared after World War II. Its notorious political instability, when discussed abroad, is in a sense another misnomer, since perhaps what Italy suffers from most is its very stability, witness the fact that one party, the Christian Democrats, has either separately or in coalition, ruled Italy for the past 30 years. There is admittedly room for argument about the manner and competency of that rule, but it is consistency and not instability to all but those minds who can really see parallels converging this side of infinity. For the record, the Italian political scene does, in fact,

has satisfied himself that all other parties will abstain. This, of course, provides great opportunities for living dangerously, which perhaps is why hardly a day goes by without some Italian newspaper suggesting screaming headlines that the Andreotti administration is about to collapse.

## Alliance

The Communists, wholly naturally, now want proportionate responsibility directly in government, the realisation of their long-proclaimed *compromesso storico*, or grand alliance in government of all Italy's anti-fascist forces. The Christian Democrats, still the largest political party (but only just) want to deny the Communists just that, but they cannot flout a way of ruling with anything approaching a national consensus on their own. Their old centre-left allies the Socialists lost ground badly last June and have since unseated their veteran Secretary-General, Signor Francesco de Martino, in a post-election internal coup. His replacement, the 43-year-old

Signor Benigno Zaccari, is busily trying to pull his demoralised party together and find for it some meaningful political role. In terms of the political numbers game, Italy is fast running out of options. The last general election put paid to any centre-right formula, even if such a formula were politically acceptable, which in a country with Italy's experience of fascism, it is not. Another centre-left formula is, for the moment anyway, unworkable since Signor Craxi cannot deliver his full party to such a package, and in any event he is not even prepared to try unless the resultant coalition gives some as yet undefined associate status to the Communists. The Communists at this time are not even interested in trying to put together the so-called "left alternative" to the Christian Democrats, in part because they remember well the fate of Allende in Chile, and also because an Italian administration without the Christian Democrats has even less chance of commanding a consensus than one without the Communists' impasse.

## Strategy

The Communist leadership, a great many of whose rank-and-file supporters cannot believe that their party is actually sustaining the "bated" Christian Democrats in office, feels a need every so often — increasingly often in recent weeks — to reassure the party faithful that the ultimate strategy is in their safe hands and that Signor Andreotti will only be allowed to go so far and no further. For the Socialists, Signor Craxi insists that there must be a new government alignment, but he does not say precisely what. The smaller parties are equally critical of the present government, and for the moment anyway are equally unclear as to what should be

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- thermo-electric and electro-nuclear plant
- industrial plant
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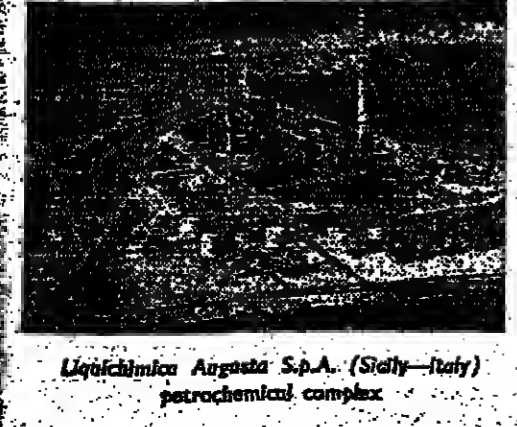
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ranging than is conceived today and that a leading role in future industrial development will be played by engineering applied to biochemistry. CTIP is already committed to a basic and applied research programme, in co-operation with an international body specialising in this field. **THERMO-ELECTRIC AND NUCLEAR POWER** CTIP and STONE & WEBSTER ENGINEERING CORPORATION have concluded an important co-operation agreement under the terms of which CTIP will be entitled to use STONE & WEBSTER'S technology in connection with the engineering design and construction of nuclear-powered and fossil-fired electric power generating facilities. The agreement also covers the attendance of specific professional guidance and training courses by CTIP personnel in STONE & WEBSTER'S offices in the U.S., for which arrangements are currently being made. By pooling their experience and abilities, CTIP and STONE & WEBSTER will be in a position to make an effective contribution towards the solution of many operational problems associated with the construction of power plants in Italy and internationally.

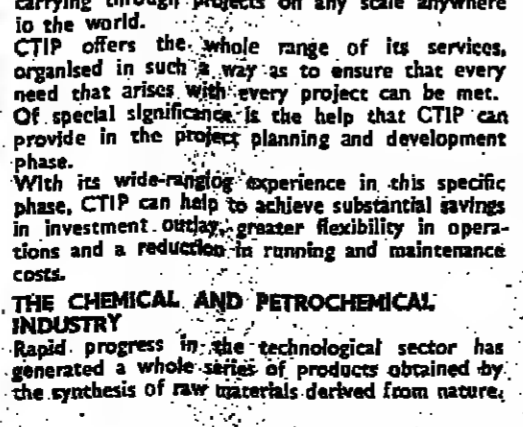
**ENVIRONMENTAL SAFEGUARDS** Environmental protection and pollution control are highly topical issues. The problems that arise are many, often rendered even more complex by the lack of clarity of regulations, which have to be interpreted in an appropriate manner. For some time, CTIP has con-

centrated on finding solutions to these problems. It has created a group of specialists within its organization whose efforts are devoted specifically to this sector. Through their work, CTIP has been able to create large-scale industrial effluent treatment installations, not only in the oil and petrochemical industry but also in the field of biochemicals, pharmaceuticals and food. CTIP has also taken part in environmental conservation planning studies with a view to future developments in industry. **NEW CONTRACTS** CTIP has recently been awarded two major projects in Colombia and Turkey. In Colombia, Policoils has awarded CTIP the design and construction of an ethylene plant. This complex will have a production capacity of 100,000 tons a year to be used as feed stock for Policoils polyethylene plants. The new plant is scheduled to come on stream within two years and its production will satisfy Colombia's needs for Low Density Polyethylene; within a few years it is expected that a part of the

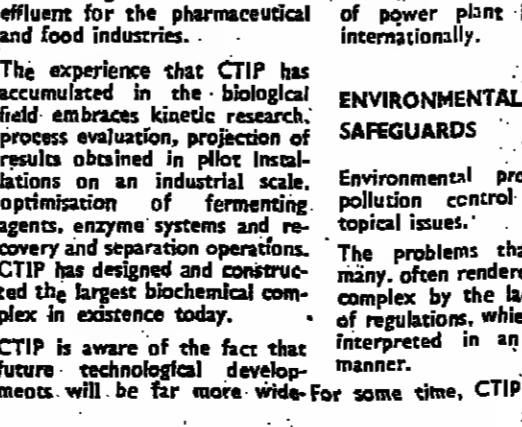
production will also be available for export on the international market. In Turkey, PETKIM—Petrokimya AS—has awarded CTIP contracts for the engineering and construction of a unit with an annual production of 120,000 tons of vinyl chloride (VCM) and a unit with an annual output of 100,000 tons of PVC. The plant whose investment costs will be about \$50 million, is to be designed and constructed by CTIP on the basis of process know-how provided by SOLVIC and will be located at Alagaz near Izmir, Turkey. CTIP is currently negotiating major contracts for plant inside and outside Italy. The company's high technology and the outstanding qualifications of its engineers are the hallmark of its work and the reasons why for years it has been in the forefront of every new development in industry.



Liquefied Natural Gas (LNG) petrochemical complex



Modern biochemical complex



Thermo-electric and nuclear power plant

CTIP Headquarters—Scale model department

CTIP Headquarters—A draughtsman

CTIP Headquarters—A view of the computer centre

CTIP is an international organization with affiliates in Milan, Syracuse, London, Paris, and New York.

The head office (left) is in the EUR business district in Rome. Its offices, where more than a thousand employees—including graduate engineers, technicians, draughtsmen and specialists—work, have all the latest equipment, including full workshop facilities and a large computer centre.

ITALY IV

Trade deficit continues to rise

THE CONTINUING increase in Italy's overall trade deficit has prompted the Italian Government to step up its drive to promote Italian goods and services in the new markets of the Middle East...

Industrialists wanting to penetrate new overseas markets as Italian products became increasingly less competitive in the traditional markets of Western Europe...

Tunisia and the reconstruction of the Lebanon. Signor Ossola recently pointed out that oil producing countries had revealed a limited capacity to increase their imports from the west...

by taking a 50 per cent stake in the new company Iran will acquire equal interests in ENI's two European and four African refineries...

opened up the fast expanding markets of the Middle East, Latin America to smaller enterprises. ENI is now proposing to form a Station trading company based on the Japanese model...

and investment of the various concerns. The holding company is also part of the wider concept of "internationalising production" through financial operations...

Last year Fiat inaugurated Brazilian plant at Belo Horizonte, which has a projected capacity of 200,000 cars a year. The 127 cars destined for the Brazilian market...

The combination of the absence of Government initiatives and the lack of credit facilities has led Italian companies, both large and small, to rely on their devices to push up their exports at a time of depressed demand...

Italy's overall trade deficit last year increased from L2,333bn. in 1975 to L5,402bn., and in the first month of this year the deficit increased to L418bn. as against L319bn. for the same month in 1976.

Although the total value of exports increased by 35.2 per cent last year compared with the year before to L30,964bn., imports last year rose by 44.1 per cent to L36,366bn.

With oil and agricultural imports accounting predominantly for the worsening of Italy's balance of trade, the Government has now launched a number of initiatives to attempt to reduce the heavy distortion created by the country's rising oil bill...

Major enterprises like Fiat or the Italian State hydrocarbon concern, Ente Nazionale Idrocarburi (ENI), have traditionally been key factors in building up Italy's presence in the Middle East. For years, ENI has been calling for producer-consumer agreements whereby consumer countries would get oil in exchange for goods and services to help develop the oil countries...

Another major Italian company, Finisider, the steel subsidiary of the State holding company IRI, is currently negotiating a £1.4bn. steel and industrial complex for the southern Iranian port of Bandar Abbas, where another IRI subsidiary, Italmimpianti, is working on the construction of a £700m. harbour. The new harbour, to accommodate 40 large-tonnage ships, will include a new road and railway network.

The other device Italian enterprises have used, and one which ENI is about to embark on, is the creation of foreign-based holding companies to insulate companies from the uncertain Italian economic climate and help them secure new capital on the international market.

The sale of licences to developing countries for the production of goods directed for export is yet another example.

Paul B

Proposals

Italian exporters, however, regard these proposals with a degree of cynicism and point out that Italy is currently losing out on the East European markets because of limited export credits.

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Strong commitment to EEC principles

Signor Ossola's initiative, which has been followed up by visits to oil-producing countries by other Italian ministers, is a radical departure from traditional foreign policy. Only a few months ago, an Italian Left-wing member of parliament remarked that Italy's policy in the Middle East was in effect "non-existent" and that as late as 1975, Italy had only two official representatives for an area that included Kuwait and the Gulf Emirates.

The Government's initiatives in oil-producing countries, however, have been welcomed. Already there has been a significant increase in Italian contracts in Arab countries, and Signor Ossola is now urging the development of triangular-type operations whereby petrodollars be recycled to finance the development provided by western technology and know-how of countries like Egypt, Sudan, Togliattigrad Motor manufac-

tures, and which last year renewed its technical co-operation agreement with Russia for five years—requires credit to expand its technology and its markets.

Signor Agnelli has said he hoped that the deal between his group and the Libyan Government would be the beginning of similar ventures which would strengthen the ties between the industrial and the developing world. Europe, according to Signor Agnelli, must respond to the "Arab challenge," while the Arab world should use its financial surpluses to cure both the old and new imbalances in the world economic order.

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Rumianca Sud Acrylonitrile plant at Cagliari. A new large industrial concern. Includes an image of the plant and contact information: tel. 64678, telex 36554.

IT IS quite some time since the Italian Parliament debated foreign policy, an accurate reflection perhaps of the fact that the electorate as a whole is not over-concerned with Italy's view of the world, or indeed the world's view of Italy.

Alliances. Such an eventuality could, of course, pose major foreign policy questions—both to Italy itself and to its present allies—but for the moment, policy is based firmly on what could be referred to as "alliances."

In this world kaleidoscope for Italian diplomats, some areas obviously take priority, principally membership of the EEC and relations with Washington. Late last month the European Council met in Rome to mark the 20th anniversary of the signing of the Treaty of Rome, and the Italians celebrated the visit in a way by being the first of the Nine to ratify formally the commitment to direct elections to the European Parliament.

And it is the professional civil servants who, in a real sense, maintain—and indeed, more often than not, actually formulate—the course of Italian foreign policy. There is, of course, a Minister with Cabinet responsibility, Sig. Arnaldo Forlani, but perhaps more than in any other member of the nine, the career diplomats are very much in charge.

That concern is rather less so today in the case of France, and few people here reject the reality of West Germany being the major market force in the Community. Indeed, few Italians privately rejected the Tindemans concept of a two-tier Europe, but what does concern Italy's professional diplomats is that the country now risks sinking into a third Mediterranean tier under the weight of its recurring economic and social problems which the absence of a stable political system makes difficult, if not impossible, to resolve.

Dictated. With the OPEC countries just now, and perhaps to a somewhat lesser degree with the Soviet Union more generally, Italian relations are dictated very much by the principle—and certainly by the hope—of trade following the flag. Italy's dependence on imported energy is almost total and there is now a clear need to try to balance (at least in part) the country's mounting oil deficit, a need which, as shown elsewhere in these pages, is being met quite successfully.

That relative diversion apart, there is more immediate concern about the new Carter Administration in the U.S. and fears that Washington may be re-examining its traditional relations with Rome. This, of course, directly concerns the Communist question, and the long-ruling Christian Democrats have made much use in the past of the none too thinly-veiled threat that, irrespective of domestic factors, "Washington would never tolerate Communists in the Italian Government."

Certainly, the attitude of Dr. Henry Kissinger, when he was U.S. Secretary of State, to the possibility of the Communists coming into government tended to reinforce the Christian Democrat viewpoint, whereas President Carter has been putting a great deal of emphasis on a policy of non-interference in the internal affairs of other countries. Some of his advisers here even heard to say that an administration more genuinely international, which talks directly with

Moscow, and which of late has had tentative contacts with French Communists, should not adopt a complete hands-off attitude when it comes to Italy where, on the basis of last year's general election, the Communist Party represents more than one in three of the popular vote.

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ability to extend new credit to the USSR. There is, in addition, even if seldom mentioned, a feeling that Italy's relations with the Soviets take into account the fact that the Communists, whatever their insistence on their total independence within the Communist world, do represent a force inside Italy. It is important, factor why it does not like having any quarrels with Moscow, and they do have their private preferences.

Lastly, there is the Italian position in the Mediterranean. Italy has taken a number of initiatives to try to restore good relations between Greece and Turkey, both the unresolved Cyprus question and the Aegean dispute, and the Greek application for membership of the EEC warmly welcomed public Rome as elsewhere in the Community. It remains true, nonetheless, that Italy shares its private concern of other EEC members about the problems and difficulties posed by Communist enlargement. More specifically, the economic field. Italy, with France as two major agricultural producers, is concerned about farm income from Greece as a member consideration which, in a degree, would apply to Spain, Portugal and Turkey.

But at least in this respect, Italy is little different from other Community members in the conflict between "public welcome" and its private concern "for economic reasons regarding enlargement, self-interest or flexibility, both, and overall these, the operating guidelines were of Italy's foreign policy but within the concept of strong commitment to, at least, the economic field. Italy, with France as two major agricultural producers, is concerned about farm income from Greece as a member consideration which, in a degree, would apply to Spain, Portugal and Turkey.

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ENTE AUTONOMO MOSTRA INTERNAZIONALE CONSERVATIVA Parma presents two Fair Exhibitions: 4th INTERNATIONAL DAIRY INDUSTRY EXHIBITION and 1st International sub contracting Exhibition Parma. Includes dates: 19th-22nd April/1st May 1977.

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هكذا من الصل

# Fiat is more than the Fiat you have always known

1899: Fiat Automobiles.

Since 1903 Fiat Commercial Vehicles.

Since 1908 Fiat Aviation.

Since 1917 Fiat Railroad Systems.

Since 1919 Fiat Tractors...

Since 1976

# The Fiat Holding Company

The new Fiat is an industrial holding company with eleven operating groups.

This new organizational setup is the outcome of the need to diversify the Company's product and production strategies.

The new structures call for management flexibility, personal initiative, and decentralization.

Constituted in 1976, the new Fiat is a vital force with about U.S. \$ 1,150 million of investments, about U.S. \$ 11,000 million sales, and a total of 330,000 employees.

**Automobiles** The automobile is still the mainstay of the Fiat Holding Company. In 1975, the Company sold 1,350,000 automobiles, 55% of them to 150 export markets. This achievement is the outcome of the wide diversification of Fiat models, each of which fills a different niche in the market, but an essential role has also been played by the rational co-ordination of the three companies, namely Lancia, Abarth and Ferrari, all members of the Fiat Automobile Group.

Fiat autos are assembled or produced under licence in 50 plants in 25 countries with 148,000 people on the payroll.

Fiat has also built large industrial complexes which are operated under varying organizational setups in Brazil (Fiat Automoveis), Argentina (Fiat Concord), Spain (Seat), Yugoslavia (Zavodi Crvena Zastava), and Turkey (Tofas), FSO and FSM in Poland and VAZ at Togliatti in the Soviet Union are other major Fiat projects.

**Commercial Vehicles** IVECO (Industrial Vehicles Corporation) is the result of an agreement between Fiat and Klöckner Humboldt Deutz. This new company, in which Fiat has an 80% interest, co-ordinates the commercial vehicles activities formerly carried out by Fiat Commercial Vehicles, OM, and Lancia Special Vehicles in Italy, Unic in France, and Magirus Deutz in West Germany.

IVECO operates 14 production and assembly plants, employs a workforce of 50,000 people, produces a range of 200 basic models for all types of transportation, and had an output of 103,000 units in 1976.

**Agricultural Tractors** Fiat Tractors and its licensees have seven plants, two in Italy, one in Turkey, one in Yugoslavia, one in Romania, one in Zaïre, and one in Argentina. They employ a total of 8,000 people and produced about 80,000 tractors in 1976.

The range consists of 50 models (two- and four-wheel drive or crawlers) with power outputs from 28 to 160 hp.

Fiat Tractors has produced a total of over one million units to date and is the world's leading manufacturer of crawler units for agriculture.

**Steel** The Steel Group (Teksid) consists of six different divisions: Steel Foundries, Cold-Forming, Forges, Tooling, and Engineering. Already Italy's major producer of special steel, Teksid plans to boost its output in this area to one million tons by 1978. But Teksid is not only steel. It also operates one of Europe's biggest foundry complexes using the most advanced production technologies. The latest cold extrusion and drop forging methods are also employed.

The Steel Group has 17 plants with a combined workforce of 30,000 people. New industrial facilities costing about U.S. \$ 300 million planned for 1982.

**Construction Machinery** Fiat-Allis is the first international joint venture company entered into by Fiat (with a 77% stockholding) and Allis Chalmers 23%. The new company combines the earthmoving equipment production and marketing activities and its basic range consists of 47 different models which are produced in seven plants, of which three are in Italy, two in the U.S., and one each in Brazil and the U.K.

Fiat-Allis has 11,500 employees and a yearly output (in 1976) of 9,500 units.

**Energy** The energy and energy exploitation activity of the Fiat Holding Company in this area includes the most technologically advanced sectors, such as thermonuclear power stations.

The Energy Group is made up of Fiat Aviation and Fiat Thermomechanical-nuclear and Turbogas Division (Fiat-ITG). Gas turbines, diesel engines for ship propulsion and railway applications, plus nuclear power reactors and components are manufactured in five plants employing a total of 4,500 people.

**Rolling Stock and Rail Transportation Systems** With its sound and long-established tradition, "Fiat Ferroviaria Savigliano" is responsible for the production of technologically advanced rolling stock. The "Pendolino", the world's first variable-inclination electric unit (now in regular service) and the standard European bogie are two cases in point.

"Fiat Ferroviaria Savigliano" also manages (on a 50-50 basis with Efim) Fiat's stockholdings in the O.M.E.C.A. (Reggio Calabria) and Ferrosud (Matera) companies.

The Rolling Stock Division of Fiat Concord has a plant at Cordoba, Argentina.

The Group employs a total of 4,100 people.

**Components** The activities of the Fiat companies operating in industrial and vehicle components make up the Components Group of the new Fiat Holding Company.

This Group employs over 30,000 people in 46 plants and 40 laboratories engaged in the most diversified fields of production, namely alloy wheels, shock absorbers, steering wheels, electrical materials and equipment (for motor vehicles), paints, lubricants, carburetors, piston rings (for ship diesel engines), compensators, refrigerator compressor units, plus computers and software for automated systems -- all characterized by high standards of quality and reliability.

**Machine Tools and Production Systems** Comau is a big new company with 11 plants and 5,800 employees, merging the following well-known companies formerly engaged individually in the special-purpose machine tool production sector: M.S.T., Morando, Colubra Lamsat, and IMP, in addition to Berto Lanet, Impes, and UTS. These companies have provided the tooling for a number of major plants all over the world, for example at Togliatti in the Soviet Union (Vaz), in Poland (FSO and FSM), Yugoslavia (ZCZ), Spain (SEAT), Turkey (Tofas), Brazil (Automoveis and FMB), and Italy (Mirafiori and Rivalta in Turin and Sofim at Foggia). Orders have also been received from all the leading European auto makers. Recently, Comau signed a contract to supply production installations for an earthmoving equipment plant at Ceboksari in the Soviet Union.

**Civil Engineering and Land Use** Construction of major public works and industrial complexes, town and country planning, and service organization are carried out by the Fiat Holding Company through Impresit, a leading contractor which operates all over the world in co-operation with associated companies or as a member of international joint ventures. Fiat's present involvement in this area is reflected in more than 150 major construction sites with 50,000 people on the payroll.

The Fiat-Engineering Company and other organizations within the Group concentrate on the executive design of factories and large-scale industrial facilities as well as on industrial building (production by Prefim of heavy prefabricated components).

Real estate development is carried out by Imprivest in Italy and by USIF abroad.

**Tourism and Transportation** Ventana has incorporated all the tourist companies operating within the Group and can now offer a host of services ranging from the sale of travel tickets to the arrangement of package tours and holiday accommodation.

Its sales network includes 25 travel agencies in Italy plus five representative offices and over 300 related agencies all over the world. Fiat is also involved (through Sita and eleven subsidiary companies) in the field of passenger transportation, and it holds stock (through Fitur) in Terme Vescine, Alsa Alberghi Sardi, Valtur, and Alpila.

The Group employs 4,000 people.



# Farmers unable to keep pace

IT MAY sound rather mundane but it is in fact the changing eating habits of the average Italian over the last 25 years which constitute a major, if not predominant, factor in the basic structural weakness of the country's overall balance of payments situation. The average Italian diet in effect, consisting of pasta and steak or baby veal ultimately has as big an impact on the country's increasing payments deficit as Italy's continually rising energy bill. Ironically, whereas Italy, with little energy resources of its own, is forced to import something like 140m. tons of crude oil a year, it possesses the agricultural potential, with its vast acreage of rural land, to compensate for the higher cost of oil and other imports.

Official statistics show that out of an overall trade deficit of L5,402bn. last year, nearly 80 per cent. was the result of an agricultural deficit of L3,140bn.—an increase of L1,046bn. on the previous year's farm deficit. In contrast, Italy's oil bill last year of L6,676bn. was only double the farm deficit. And while the Government is attempting to effectively reduce the country's oil deficit by launching a series of partnership deals in the oil producing countries, little seemingly appears to have effectively been done to restructure the Italian agricultural system.

Only 25 years ago the country was able to feed itself from its own domestic agricultural output. In 1951, for instance, domestic meat production stood at 7.9m. quintals and was about equal to consumption. By 1973, however, when domestic meat production had risen to about 23m. quintals, consumption had already reached 34m. quintals. Last year, Italy spent L1,178bn. on meat imports alone, while domestic production in the first 10 months of 1976 (according to the latest available figures) amounted to only 17.2m. quintals. In other sectors too, demand has vastly overtaken production. Imports of maize, for example, increased from L450bn. in 1975 to L508bn. last year, while imports of cheese to a country which produces abundant varieties of its own increased from L1,183bn. in 1975 to L2,273bn. last year.

There are historical reasons for this widening gap between demand and agricultural production. They can be traced back to the years of economic expansion of the 1950s and 1960s, which led to a sharp rise in consumption and provoked a radical change in the eating habits and culinary demands of the average, and indeed even poor Italian. It could be compared to the rush to buy television sets when television first hit the market. It was a straightforward evolution in the economic expansion and industrial transformation of the country, the great mass of Italians, who until then had been too poor to eat beef or veal, suddenly were able to afford them. The extent of the demand for beef and veal pushed up their prices so fast that they even outpaced the rate of growth of national income. These prices, at the same time, helped raise the cost of living.

## Distortions

The high prices of beef and veal produced serious distortions in the country's livestock farming sector. While more and more calves were imported for fattening to meet ever increasing demand, there was a simultaneous decline in the number of dairy cattle and a halt in the growth of lean-pork pig farming. In comparison to beef and veal production, dairy farming was only marginally profitable and there was a progressive fall in the number of farmers and labourers in this sector.

At the same time, successive governments did little to encourage investments to guarantee a rational long-term structure for Italian agriculture. In the depressed south, both the long ruling Christian Democrats and the powerful Communist Party promoted a policy of industrialisation which led to the famous "castles in the sand"—high technology industrial projects in areas devoid of proper infrastructures and services—instead of developing a potentially rich rural economy. Concurrently, the high salaries paid by the big industrial groups of the north like Fiat, in comparison to the national average, together with a lack of jobs in the south, drew large numbers of the agricultural workforce away from the land.

The decline of Italy's agricultural population, despite the considerable increase in agricultural wages and the current scarcity of jobs in industry, continues. In 1975 it dropped by 4.8 per cent. and last year by a further 1.2 per cent. to just under 3m. people.

The fragmentation of agriculture into some 3.5m. farm units, the majority of which are small and archaic, has seriously undermined the country's agricultural structure. This fragmentation was again principally the consequence of the policies of the country's political forces who sought to gain the support of the small peasant class by inducing them to become small private farm holders.

The notorious reform plan of the late 1950s in the Tuscan Apennine and Maremma region is a case in point. Under the administration of an agency known as "Ente Maremma," large farms holdings were split. Mesadri or tenant farmers, who paid their rent in the form of produce rather than in cash, were encouraged through Government subsidies to buy the plots they formerly farmed. The agency also attempted to draw families from the Mesogiorno or Sardinia by offering them small farmsteads with long-term repayment facilities. The families came. After a year they left. The farmsteads are now abandoned and decaying all over the hillsides.

Italian agriculture has also in a sense suffered from Common Market membership. The Common Agricultural Policy has in effect concentrated more on support policies which fundamentally have protected the consumer rather than devoting aid for structural change in agriculture. Although the European Agricultural Ministers decided to devalue the "green lira" at their meeting in Brussels last month, which will help boost Italian agricultural exports but will at the same time increase the Italian cost of living by an estimated 1.8 per cent., the EEC so far this year has done little, according to members of the farming community, to assist Italy's efforts to build up domestic production. EEC farm subsidies are also widely regarded as a stimulus for high cost and often inefficient production.

Although Italy has welcomed the possible enlargement of the

EEC through the eventual membership of countries like Greece, Spain, Portugal and Turkey on political grounds, it is nevertheless concerned about the threat these countries could pose to a large sector of its agricultural exports, particularly fruit, vegetables, wine and olive oil. These products jointly account for about 70 per cent. of Italian agricultural exports.

Last year, Italian vegetable exports increased from L1,627bn. in 1975 to L2,209bn., while fruit exports dropped - to L445bn. compared to L483bn. the previous year. As regards wines, which has been the source of continuing friction between ports last year increased from L2,557bn. in 1975 to L2,940bn. Although the wine war with France is perhaps one of the most celebrated instances of economic divergencies on agriculture between Community member states, the row between Tunisia and Italy on the question of EEC restrictions on Tunisian olive oil exports is an indication of the split interests which could unsettle wider European agricultural co-operation with the entry of the Maghreb and other Mediterranean states in the broad framework of the Community. It was the conflict of interests over olive oil between Italy and Tunisia which is believed to have prompted the so-called "sardine war" between the two countries when Tunisia seized a number of Sicilian fishing vessels off its southern coast. Diplomatic observers in Tunis interpreted the Tunisian move as retaliation against Italian obstruction to its olive oil exports.

These are, however, peripheral problems for Italian agriculture. The crucial issue is the reconstruction and modernisation of a sector which, in the words of a joint communiqué issued last week after a meeting of representatives of the country's democratic parties, should "provide 90 per cent. of Italy's total food consumption needs." Although the Government has attempted to reduce the growth in consumption by a series of devices, including a raising of value added tax on meat or threatening to introduce meat rationing, this as the Communist Party has pointed out, is no long-term solution. According to the Communists, it is now no longer possible to change the

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**Bankers unhappy**  
THE QUESTION needed to be put. How, I asked, was business on the Milan Bourse? The answer from a broker who like his colleagues has been through three very lean years was explicit: "What with Treasury bills yielding seventeen per cent. and the Government's decision to raise the withheld tax on dividends to fifty per cent., need you ask? Even more explicit was the comment of a Milan Banker when asked if the Italian Bourse was nowadays any sort of market for companies seeking new capital. It is, he replied "just a bucket shop."  
Well, these are indeed bad times in Italy, although the banker's comments just a little extreme. The Bourse does serve a purpose, but not much right now. An estimated 80 per cent. of all deals take place outside the market. Of the volume actually transacted within the Bourse last month some 65 per cent. was accounted for by dealings in ten shares (out of 151 listings), including Fiat, Pirelli, Montedison and Olivetti. The average equity yield, just to complete the picture, was under 4 per cent.  
This is generally the situation in the private sector of industry, but the vast public sector is understandably more rigid. It is in this area that the banks come under outside political pressure to provide what are sometimes little more than operating funds—always, it is claimed, while the Government examines the long-term needs of the companies concerned, coupled with the inevitable promise of "restructuring." The banks continue to pay out, often because they are already so committed that there seems to be no real alternative.  
Former Bank of Italy Governor Dr. Guido Carli, who in his central bank days presided over many a crisis meeting concerning the finances of important State-sector companies, has come up with the notion that the banks should consider trading their generally over-extended positions with one of the semi-public and being in the loosely-defined Anglo-Saxon banking world, and as a consequence the banks here do very nicely indeed, even though their published profits tend to be under-stated. This applies almost equally to the

**Deposit**  
It is hardly a climate to encourage investors, and Italians anyway have traditionally put their savings on deposit with the banks and the saving institutions, although just now they are tampering with the short end of the Treasury bill market. The banks, in their turn, have provided industry—private and public—and the local authorities with most of their funding, all nominally on the Italian equivalent of a one-year overdraft, but in fact on an open-ended commitment—the recovery of which in at least some cases must be highly questionable. But the banks in Italy do not believe in writing off "bad debts" and on current rates the interest rollover tends to double the repayment commitment every four years or thereabouts.  
The spread between Italian deposit and lending rates is enormous compared with any of the other major banking systems and as a consequence the banks here do very nicely indeed, even though their published profits tend to be under-stated. This applies almost equally to the

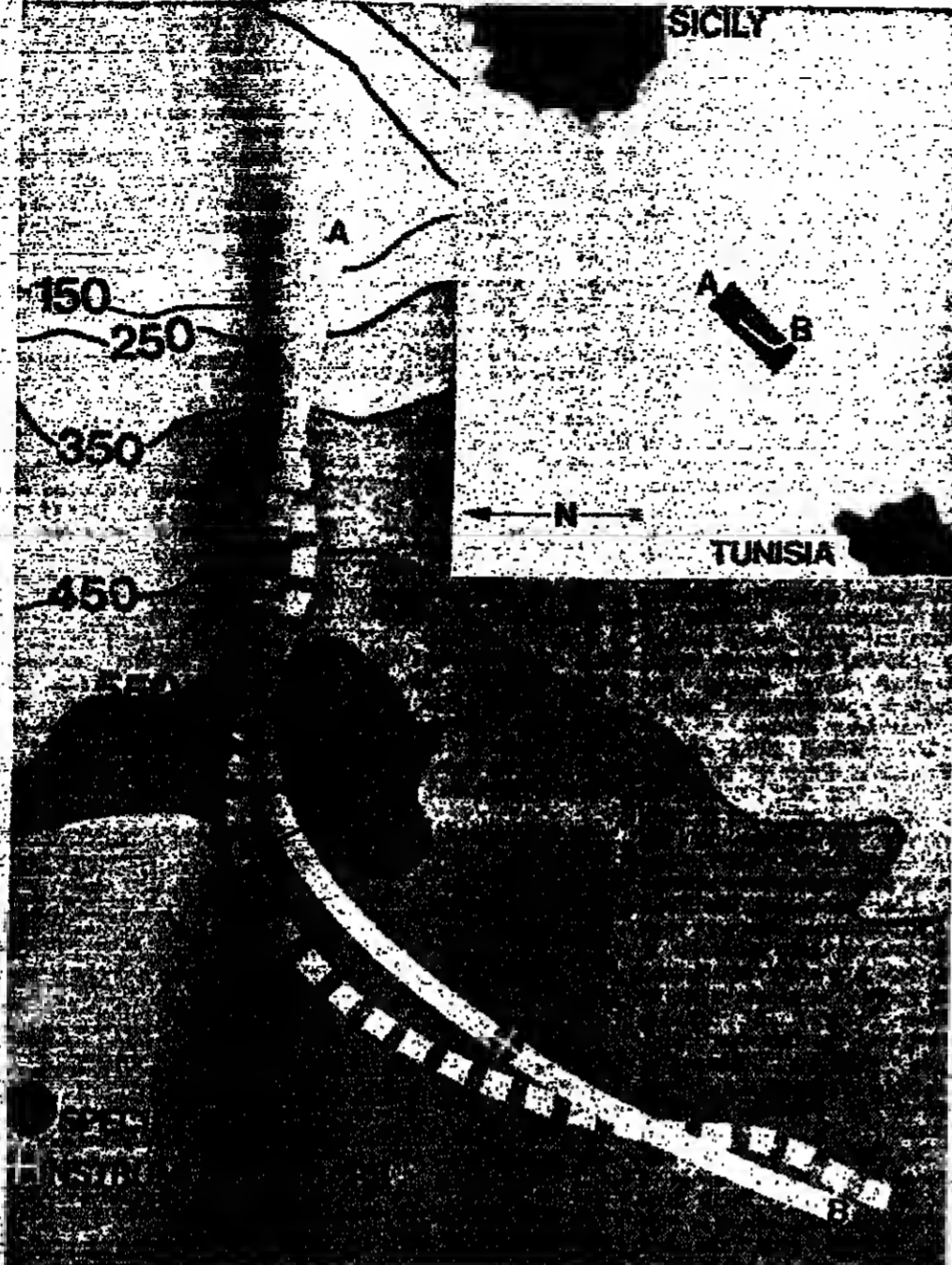
**GENERALI**  
Assicurazioni Generali S.p.A.  
The Board of Directors of Assicurazioni Generali under the Chairmanship of Sen. Cesare Merzagora Chairman of the Company, met at the beginning of March to examine the provisional results of the 1976 Balance Sheet.  
Premiums collected amounted to about 750 million Lire (equivalent to approximately 500 million pounds), showing an increase of about 25%. The general trend of the various classes of business, although still negative, showed an improvement in those classes which were more heavily affected last year (such as Motor Third Party Liability). Investment profits showed a marked increase, also due to currency fluctuations.  
Some positive factors of a special nature make it possible to forecast a favourable final result for the year 1976 and a notable improvement for 1977 due to the vast reorganisation programme undertaken by the Company.  
This reorganisation programme was begun in consideration of the Company's vast interests and responsibilities at an international level: the Generali—as is well known—is at the head of a world-wide Group of Companies, the third in Europe as far as premium income is concerned. The Group is made up of 27 insurance subsidiaries operating in about 30 markets. To these one should add another 2 companies in which the Group holds relevant majority or substantial minority shareholdings thus bringing to over 40 the total number of countries in which the Generali Group operates.

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• Bank of Valletta, Malta  
• Banco Financiero Sudamericano, Montevideo.

July 1976

ITALY VII

# Filling the energy gap



Pipeline route (solid) and lay barge route (broken) taken by ENI in laying 100 miles of natural gas pipeline on the seabed in mid-Mediterranean last summer. The demonstration included a 7,500-foot radius bend.

... THROUGH commercial...  
... to lay a natural gas pipe...  
... between Europe and...  
... on the bed of the...  
... Mediterranean...  
... to bring...  
... gas directly to Italy...  
... abandoned, there is little...  
... that the trials last year...  
... that it would be tech-...  
... possible were a suc-...  
... demonstration of the...  
... ENI, the State-owned...  
... and petrochemicals group...  
... that the trials showed...  
... that the two conti-...  
... could be joined by a...  
... laid at depths of up to...  
... far deeper than any...  
... has operated.

The scheme was to bridge the...  
... Straits of Sicily between...  
... and Tunisia. ENI's en-...  
... engineering subsidiary Snam-...  
... (research and design) re-...  
... ad Salpein (construction) re-...  
... ceived the contract last summer...  
... after a long and bitter...  
... from the offshore industries of...  
... world. These demonstrated...  
... that only that pipeline can be...  
... by remote manipulation on a...  
... highly irregular sea floor, but...  
... that it can be recovered...  
... and repaired. Salpein is now...  
... completing an advanced type of...  
... submersible pipelaying...  
... incorporating the tech-...  
... nology and lessons learned from...  
... trials.

product, and of total...  
... shows why a country poor in...  
... indigenous energy resources...  
... desperately needs nuclear...  
... energy. The State-owned elec-...  
... tricity utility ENEL, represent-...  
... ing about 75 per cent of the...  
... electricity supply system, draws...  
... just about the most steeply...  
... rising curve projecting growth...  
... of its nuclear capacity of any...  
... law in 1975 to help cut through...  
... industrialised nations. More...  
... attempts to delay indefinitely...  
... the granting of planning...  
... approval for new nuclear sites...  
... Nevertheless, the delays had...  
... already occasioned a dangerous...  
... drift in the nuclear programme.

ENEL has attempted to make...  
... up some of the shortfall by...  
... focusing effort on its hydro-...  
... electric programme, mostly for...  
... new pumped storage capacity...  
... It has new capacity under con-...  
... struction or planned to provide...  
... an additional 5,000 MW by 1983.

## Leader

Italy also claims to be the...  
... world's leader in exploiting...  
... geothermal energy, in that it...  
... produces about half of the...  
... world's total energy harnessed...  
... from this source. But this...  
... amounts to only about 2 per...  
... cent of Italy's electricity...  
... demand. Moreover, ENEL...  
... reports that it is difficult to...  
... discover commercially signifi-...  
... cant new pockets of geothermal...  
... energy at a rate that keeps pace...  
... with the exhaustion of older...  
... boraxholes. Nothing puts geo-...  
... thermal heat into perspective...  
... better than the chilling fact that...  
... the total world output of electri-...  
... city from this source around...  
... 5bn. kWh a year is less than...  
... the annual output expected from...  
... Italy's new nuclear station at...  
... Caorso.

Turning to more advanced...  
... nuclear ventures, CNEN has...  
... designed an Italian pressure-...  
... tube reactor akin to Canada's...  
... Candu, and Britain's steamer...  
... (SGRWR) reactors. Cirene is a

... Sicily...  
... Banking Division...  
... throughout Italy...  
... Offices in...  
... GEN. FRANKFURT...  
... PARIS, ZURICH...  
... formation and...  
... about the World...  
... anies abroad...  
... Luxembourg...  
... k Ltd. London...  
... k, Luxembourg...  
... Bank Ltd. Nassau...  
... sbank A.G. Vienna...  
... Maier...  
... ciano, Mercurio

## Bankers unhappy

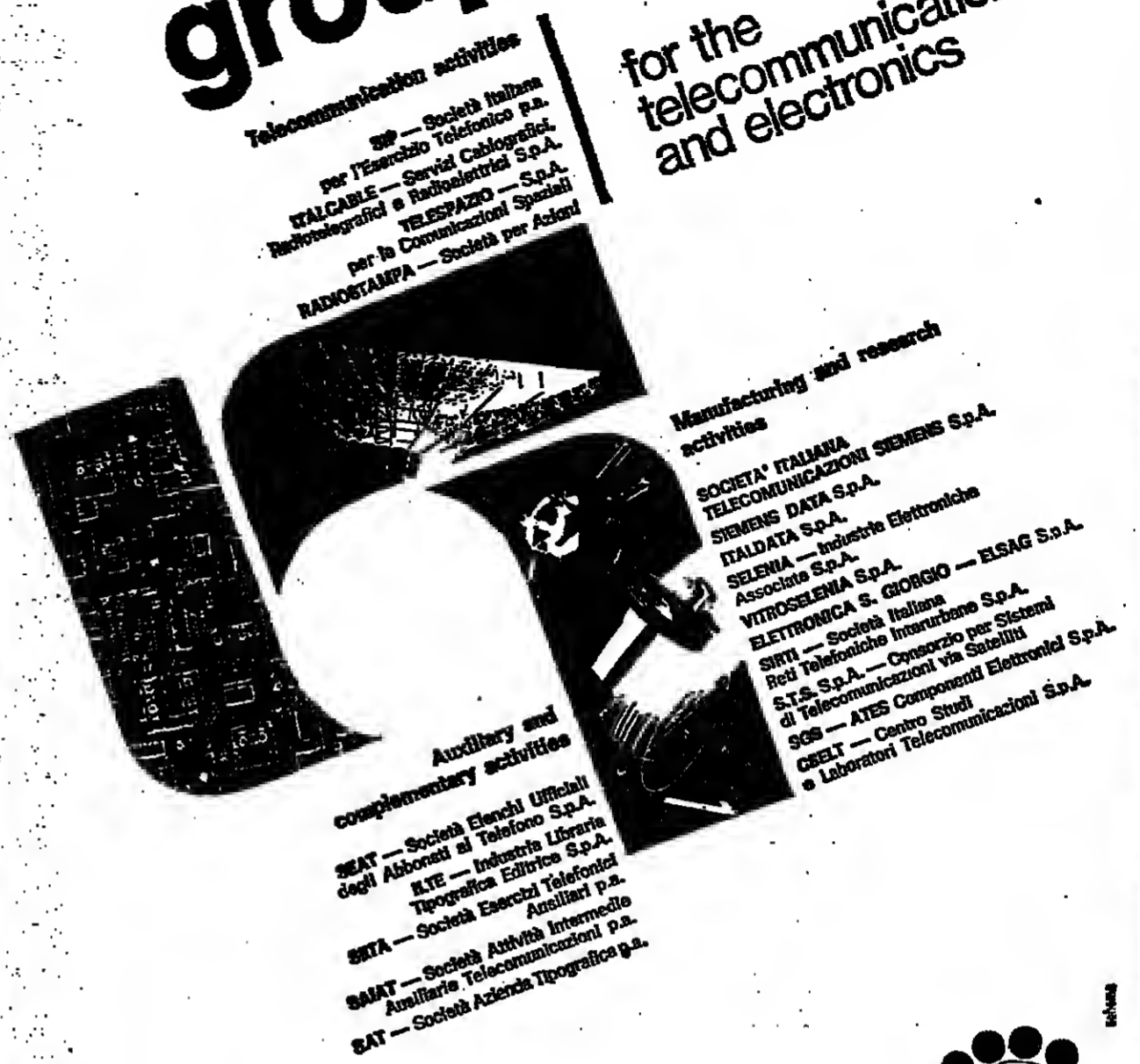
... ever commended the idea, possible in the present...  
... with reservations as pressed economic climate. Well-...  
... methodology. Others, includ-...  
... established companies like Fiat...  
... many former admirers of...  
... team of course get access to de-...  
... Card, thought to put it...  
... that he had had a slight...  
... this case the recourse was to...  
... primary release, and they...  
... shared what additional in-...  
... towards urgently needed...  
... trial reconstruction and...  
... version could possibly result...  
... exchanging corporate...  
... for corporate paper. The...  
... themselves: whispered...  
... objections of the 1930s when...  
... Italian State had literally to...  
... the banks from collapsing...  
... the weight of their own...  
... useless share portfolios.

... limit trading to cash trans-...  
... actions "whenever it considers...  
... this necessary in the interests...  
... of the public." It has in effect...  
... already ended the established...  
... pattern of brokers dealing...  
... within the account through a...  
... demand for collateral. More...  
... directly positive perhaps in...  
... market terms, an over-the-...  
... counter market is about to be...  
... reintroduced.

مركز امان للصل

# stet group

## for the telecommunications and electronics



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ITALY VIII

State giants in turmoil

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Some important news for Great Britain businessmen: our Bank opened a representative office in London in December. The Turin Savings Bank is local, but in a positive sense, meaning that from now on you can get right into the economy of Piedmont, and the Aosta Valley, without having to call by Rome or Milan.

IT HAS BEEN a miserable year for Italy's State-controlled industries, which until a few years ago were regarded as a model system successfully combining the economic efficiency and entrepreneurial quality of private enterprises with the broader social, economic and political objectives of nationalised industry.

The IRI top management is currently split after a major row between the chairman, Sig. Giuseppe Petrilli, and a group of 13 top managers. Two of Montedison's chief managers—the financial director Sig. Giorgio Corsi and the chairman's planning adviser Sig. Gioacchino Albanesi—resigned last month in a major management shake-up.

As if this were not enough, the Government has now decided to dismantle the State mineral agency, Ente di Gestione Aziende Minerarie e Metallurgiche (EGAM), which last year reported losses of some L6,000bn. and accumulated debts of L9,500bn.

ing IRI's losses last year increased from L490bn. in 1975 to L870bn., while its accumulated debts at the end of 1976 amounted to L14,300bn., of which some L5,200bn. in short-term borrowing was carrying annual interest rates of the order of nearly 20 per cent.

It is necessary to look back in order to understand the reasons for these dismal performances. Since 1956, when the Christian Democrat Party started facing that its political domination in Italy was threatened, it has attempted to consolidate its political position by increasing its political control over the State-controlled industries and the banking system.

The political gains of the Communist Party of the June elections last year have played an important role both in highlighting the abuses in the Italian system of public enterprises at the same time as causing a hardening up of the traditional Christian Democrat position towards these industries.

The Christian Democrats, concerned by the way the image of the State sector is being damaged by the unravelling of past and present distortions and intrigues in the system, are especially worried over the gradual erosion of their control as a result of the changing balance of power in Italy over what is perhaps their main power base.

There are other factors too. The world recession in sectors, like textiles, chemicals and steel has played its part in precipitating the crisis. But the

similar plant in Reggio Calabria. The plant itself is expected to cost L1,150bn. and it is widely held that it would have cost far less to build it on a more suitable site.

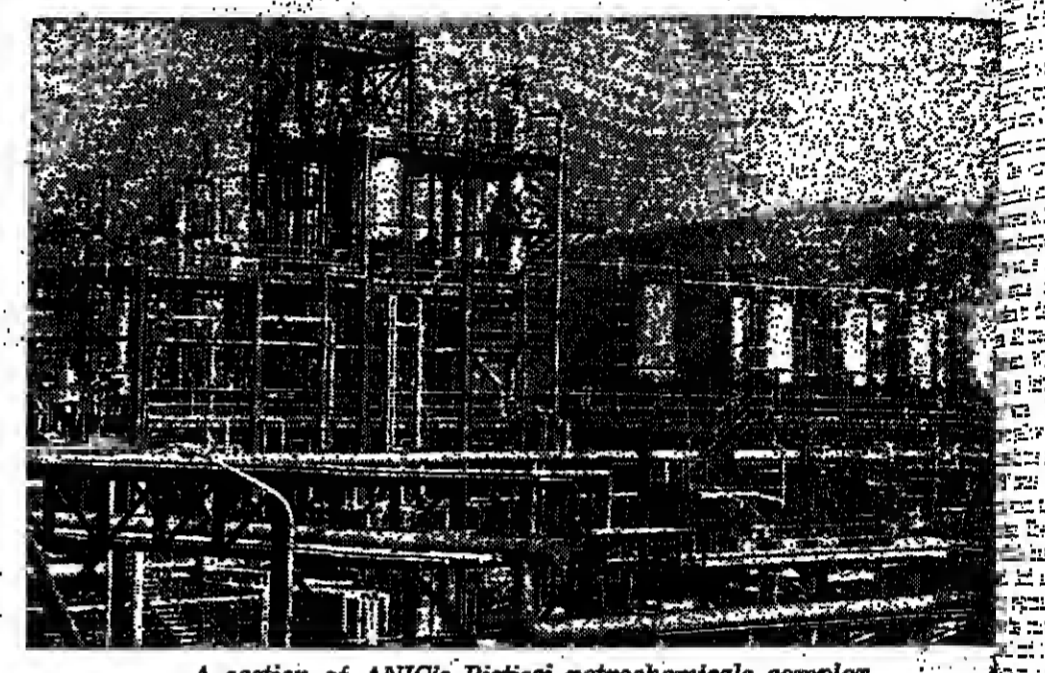
While most State sector enterprises are now in the process of introducing rationalisation and diversification programmes, they are faced with the additional problem of intensely complicated and rigid labour relations. Simultaneously, in order to reduce their debt burden and consolidate their financial positions, they are desperately seeking injections of fresh capital—which so far have not emerged either from the State Capital Endowment Fund nor from the private market.

Yet despite this vicious circle, worsened by Italy's continuing rising labour and money costs, it is important to recognise that these conglomerates contain enormous wealth of technical and managerial skills and enormous assets in the way of often technologically advanced and modern plants. A measure of this is the recent increase in overseas contracts obtained by groups like Finisider, Italmipianti, Snam Progetti and Saipem in the rapidly expanding markets of the Middle East. Their reputation in these markets, and in those of Eastern Europe and the rest of the developing world, is considerable.

Textile

Similarly there are no signs of a measured approach to the chronic situation in the fibres and textile sector which has been severely hit by the current overcapacity of Italian production. Indeed the situation is such that new investments are planned in the textile sector at a time when, according to another industrialist, they should be diversified into other fields.

This is in large measure the result of a broad policy of debt financing encouraged, until recently, by the Government, the trade unions and the Communist Party itself in their efforts to encourage investment in the depressed South, or Mezzogiorno. These investments have led to highly technological non-labour-intensive projects being set up in areas devoid of proper infrastructures. It has led to a situation in which the IRI steel subsidiary, Finisider— which already has an integrated steel plant at Taranto—is in principle committed to build a



A section of ANIC's Pistisci petrochemicals complex.

Rescue

It was originally set up as a rescue operation to bail out bankrupt private companies. It was intended to group exclusively together a broad network of the country's mineral enterprises. It became, however, a "golden dustbin" and a vehicle for Christian Democrat political patronage.

The ENI group, for its part, with a turnover of nearly L10,000bn., controls more than 200 companies with activities in the energy, chemical, infrastructure and services, mechanical, textile and financial sectors.

But groups like IRI and ENI ultimately depend on the nature of the country itself, which has now entered into a period of profound economic, political

Small companies show up well

SIG. FIORAVANTI MALAVOLTA—despite the figurative and lyrical sound of his name—is not a character from the *Commedia dell'Arte*. In many ways, however, he could well be. He has, apart from his name, the same inventiveness, the same capacity for improvisation, and the same verve one traditionally associates with the *Commedia*.

He is, in effect, one of those 1,200 small industrialists of the medieval town of Modena, in the region of Emilia Romagna to the fertile plains between Florence and Milan, who last year jointly exported some L900bn. of local products.

He has always reinvested his profits, and he has always ignored competition. "My philosophy is quite simple," he said. "I try to produce things which are new and which no one seems to want to produce. I have now, for instance, invented a gadget to shake olives off the tree. I am always working on new ideas."

Repairing

Sig. Malavolta does not produce stockings. He started at the age of 15 as a mechanic and at 19 he joined Fiat Trattori, the tractor manufacturing plant in Modena of the Turin-based Agnelli family group. After the war he decided to start his own car and tractor repairing business in the suburbs of Modena, which has always had a mechanical vocation and where the Ferrari and the Maserati were born.

former army jeeps and trucks into industrial vehicles like mini-mixers and small dumpers especially for the construction sector.

With the LAm, he saved from his activities as a mechanic and another LAm, he borrowed, he opened a small workshop, employed ten people and started producing one dumper a day. That was in 1948. To-day Sig. Malavolta sells 12,000 dumpers, some made according to strict specifications by individual customers, to 53 countries all over the world including Britain.

He has what one could term a puritan approach to work. It is reflected in his modest way of life, in his nonpolitical approach in a highly political country, and above all in the manner he conducts his labour relations with the staff of his company, called Fiori (or Flowers). While troubled industrial relations are perhaps the order of the day in most large industries in Italy, Sig. Malavolta has never had a major clash with his shop stewards. Labour relations at the company are handled at local factory level.

The success of men like Sig. Malavolta—represented in the simple statistic that the region's mechanical industries last year exported some L300bn. of goods compared with L241.9bn. the

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CONTINUED ON NEXT PAGE



# Pollution debate rages on

It is also reported that many of the recoveries last year and the pipeline-laying work and the construction of the Snam reported 1.22bn. and last year's production. Montedison's current difficulties are said to increase its turnover by 10 per cent compared to the levels of the year in effect this year. Logical foundations are needed to enable these companies to compete on world markets.

The recent mixed economy large conglomerates is a political power in the outcome of the country's industrialisation. The system has reached a turning point. It is a turning point for the country's economic and social development. The system has reached a turning point. It is a turning point for the country's economic and social development.

Seveso and Meda have since become synonymous with a tragedy whose enormity has few parallels. There have been some 500 cases of children afflicted by a severe skin disease believed to be caused by the poison. Thirty four women have been aborted because of fears that they might produce deformed children. And there are some 200,000 people who live in a neighbourhood whose lives have been radically transformed by the events of last July.

The contaminated area is now ruled off. The carcasses of some 60,000 animals killed after they had been collected in plastic bags and dumped in the area. Officials are arguing over the best way to decontaminate the area. All trees in the area have been cut. What remains is left to rot. It was admitted that one man had been killed by the poison. Workers really knew what was going on inside the Icmesa plant. In Seveso, inhabitants said they had been told it was "cosmetics".

There are in Italy certain norms covering safety, industrial pollution, and environmental control in industrial zones. Legislation requires declarations from companies on the technological content, working conditions and intended production before permits are issued to set up a plant. But the system is such that it leaves wide gaps open for abuses, which are not only the result of corruption but also of the huge bureaucracy and the ramifications of local bodies each with confused ideas about their respective responsibilities. It is in short, perhaps easier than in most other industrialised countries to get the permits necessary to set up plants in Italy. There is another factor too. While the workforce until the 1970s was cheaper than in other industrialised countries, companies had the added incentive to invest in Italy since the Government granted credit facilities at favourable terms for new investment in the depressed regions of the country, particularly in the south.

Already, however, the case of Seveso has in certain communities provoked resistance against industrial projects they fear could contaminate the direct supply of Trieste itself. Already some 65,000 signatures have been collected in Trieste against the proposal, and the population have openly voiced their complete opposition. They claim that the country is unusually lax about keeping track of new chemical processes and technology. They say that health standards in chemical plants are often less rigorous than in other countries.

In Sicily, following the controversy of Seveso, the local authorities of Mellilli, near Syracuse, have held up the construction of an oilline plant to be built jointly by the Milan-based chemical conglomerate, Montedison, and ICI. Montedison is now understood to have submitted a L55bn. pollution control plan for all its existing plants in Sicily. Last October, a fire at the Montedison Crotona fertilizer depot sent a yellow toxic cloud of chemicals into the atmosphere. Although officials immediately ordered schoolchildren and workers home and ordered all factories on the surrounding industrial estate to be closed, the incident fuelled the mounting concern in Italy about industrial safety standards in general.

At Porto Marghera, the industrial zone near Venice, where Montedison has built a L500bn. complex employing nearly 12,000 people, the group has committed itself to a major ecological programme. This involves the treatment of liquid effluents, neutralisation, clarification of water and atmosphere, and the treatment of gaseous effluents.

At Trieste, however, which is only a short distance north of Venice, there is now growing anxiety following the ratification of the Treaty of Osimo between Italy and Yugoslavia over the demarcation of the Italian-Yugoslav border, and the proposed industrial "free zone" of Carso which straddles the frontier immediately behind the city. The Carso chalk tableland is an area of great natural beauty, permeated with limestone caverns, which, it is feared, risk major pollution with damage to the water

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The boundaries of the contaminated area near Seveso.

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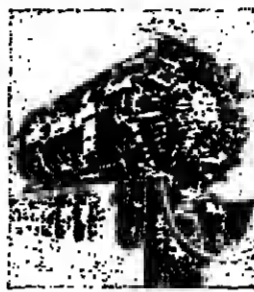
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Although there are now signs that something is happening, it is a long drawn-out process which is often deliberately resisted. At a time of growing economic difficulties and scarce credit facilities, industrialists, especially of small and medium enterprises, point out that the cost of installing a depuration plant could seriously endanger the financial viability of their companies. They claim that "environmental and ecological phobia" has gripped local administrations and political parties, which have transformed the issue for individual vote-catching purposes.

Seveso and all its unresolved questions, however, remain. In the recent debate over the siting of nuclear power stations in Italy and over the production of bio-proteins in Calabria and Sardinia, many people are echoing a similar refrain. It goes something like this: "We are tired of our country being used as a scientific experimental ground for the industrialised world as a whole."

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## ITALY X

# Labour holds the key

MOST TOURISTS crossing into Italy by road generally come equipped with petrol coupons and at least one word of Italian—sciopero, or strike. It is not that Italy invariably tops the world list of countries with days lost through industrial disputes, it just seems that way, in part at least because the strike weapon is used frequently but usually for very brief periods, sometimes as little as 15 minutes at a time.

Nor is it necessarily the instinctive response of an undisciplined workforce to relatively minor knots in industrial relations. Increasingly nowadays, a strike is an occasion for easing frustration and for showing the politicians the real power of the country's three big trade union confederations, CGIL, CISL and UIL, a trivariate which, despite its ideologically different component parts, reflecting somewhat loosely the Communist, Christian Democrat and Socialist parties, manages in these days to preserve an image of uniformity on behalf of a combined membership of some 8.3m workers.

CGIL-CISL-UIL is a potent force in Italian politics. It would be wrong to claim that it can make or break governments, but given the present delicate political situation, the confederations are likely to come out on top in any direct confrontation with the administration. That the issue is seldom put to the full test is, in a way, an acceptance of an accommodation on both sides, although the union leadership right now is going through a difficult period, principally because of growing concern at the membership base that the leaders are "selling out" to the bosses, whether to the collective employer organisation, Confindustria, now led by former Bank of Italy Governor, Dr. Guido Carli, or to the minority government of Sig. Giulio Andreotti.

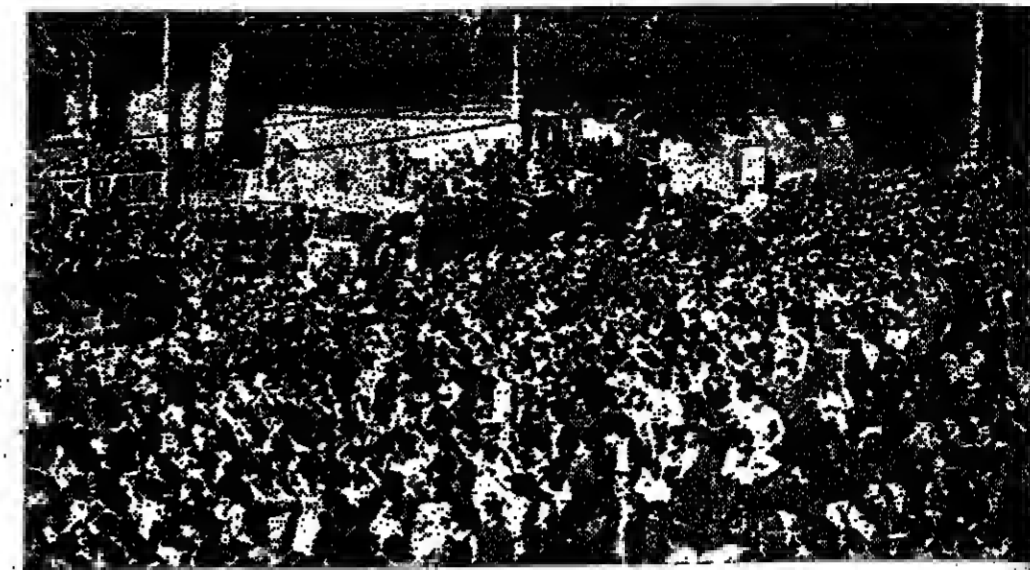
### Admission

It would be hard to get top trade union leaders admitting it on the record, but in fact they appreciate only too well two key factors. This is that most Italians now in employment have, in terms of ever-rising living standards, done very well since the so-called "hot autumn" of 1969 when, in a sense, Italy's trade unions first sought for their members what they considered to be a fair slice of the then current, albeit fast fading, celebrated Italian economic miracle. They know, too, that Italy in its present economic recession, the worst experienced here since the end of World War Two, just cannot afford to continue living beyond its means.

But the problem, and it is a very real one in the Italy of today, is that the leadership of the trade unions risks getting out of line with the sentiments of most trade unionists. In private exchanges with Confindustria and with the present Andreotti administration, CGIL, CISL and UIL leaders have given testimony to their own relative moderation, but selling moderation to the rank-and-file in a period of continuing high inflation is a different matter altogether. The concept of a "social contract" on British lines is not one readily accepted here, even if, partly under pressure from the IMF with whom the Government is now finalising a further Italian drawing of \$530m., something generally similar, if still inadequate, seems to be gradually emerging.

The trade unions' prize possession, as it were, remains the so-called "scala mobile", or moving staircase, in effect a mechanism for compensating workers directly each quarter for increases in living costs. It is also an in-built inflationary factor in the Italian economy, not least because the components of the scala mobile include a range of items over the price of which no Italian Government has any control. Petroleum imports are an obvious case in point, and what the scala mobile has done, and in large measure continues to do, despite some recently-agreed modifications, is to cushion the Italians from the real world in which the OPEC oil producers have effected a significant shift in world resources. Italian workers, for the most part, have been isolated from this development with a consequent loss of international competitiveness of their exports which even a fast depreciation of the currency in the last 12 months has not always been able to make good.

The IMF, the European Community, OECD and the present Italian Government have all combined to emphasise the need for some downwards adjustment to Italian living standards, and privately top



Union parade marshals form a road block to prevent thousands of students from entering the Piazza San Giovanni during demonstrations last month against the Government's austerity measures.

trading union leaders accept the argument. But the big problem remains one of selling it to their members on the factory floor, or indeed in the agricultural sector (getting on for one in five of Italian trade union membership is in farming), in part owing to conflicting opinions—and ambitions—among trade union leaders, but also because union leaders, against a background of high inflation, are not willing to give any significant ground on the principle of total wage indexation.

But they, of late, show some degree of flexibility, even if at a price of causing growing dissent at the factory floor level where there is a real risk of the union leadership, and the Government for that matter, being ignored when it comes to sectoral and plant-by-plant bargaining within the broad guidelines of national wage agreements. Some concessions have emerged in talks between the unions and Confindustria, not least on labour mobility, a thorny problem here in Italy which, in extreme but by no means exceptional cases, means that an employer is not free to move personnel even in a situation within the same industrial plant in which temporarily surplus workers in one section are matched identically by shortages at another stage in the production process. There have also been some useful concessions on another almost perennial (although currently less potent, such is the understandable response to growing unemployment) problem area, namely absenteeism, or simply moonlighting under another name.

This is responsible progress, for which the trade union leaders deserve credit, but it should be seen against the background of an Italian labour market in which, for all practical purposes, no employee can be fired. There are, of course, exceptions to this; but there are few of them, and it is an important reason why most new foreign investment within Italy is nowadays limited to capital, as against labour-intensive industries.

Representation

Italy's trade union confederations are, in fact, not really representative of the country's potential workforce, but only of those actually in employment. True, there are increasing trade union demands for a direct influence over government investment policies, particularly in the depressed southern region of the country, for a degree of worker participation, but, with some honourable exceptions, these are demands served by union leaders when speaking to the unemployed to the so-called "scala mobile", or Naples in the south and not, for example, those in work in Milan or Turin. The principle, which has been heard in Britain too, of trade union leaders being prepared to trade-off smaller increases in wages against new investment and measures for cutting back on unemployment is one which inevitably has more conviction with the unemployed than with those who actually have a job.

The rigid commitment to the inflationary scala mobile, given the pace of Italy's current inflation, means on the basis of unchanged policies that the country's price index is estimated officially to increase this year by some 27 points, each point being roughly £2,400 (£160), monthly. The Andreotti government, under pressure from the IMF, has sought to reduce the real increase in Italian wage costs to 16 cents by an interesting procedure of having the central treasury pay some of employers' heavy social welfare contributions and recovering the cost involved through higher VAT present Italian Government rates.

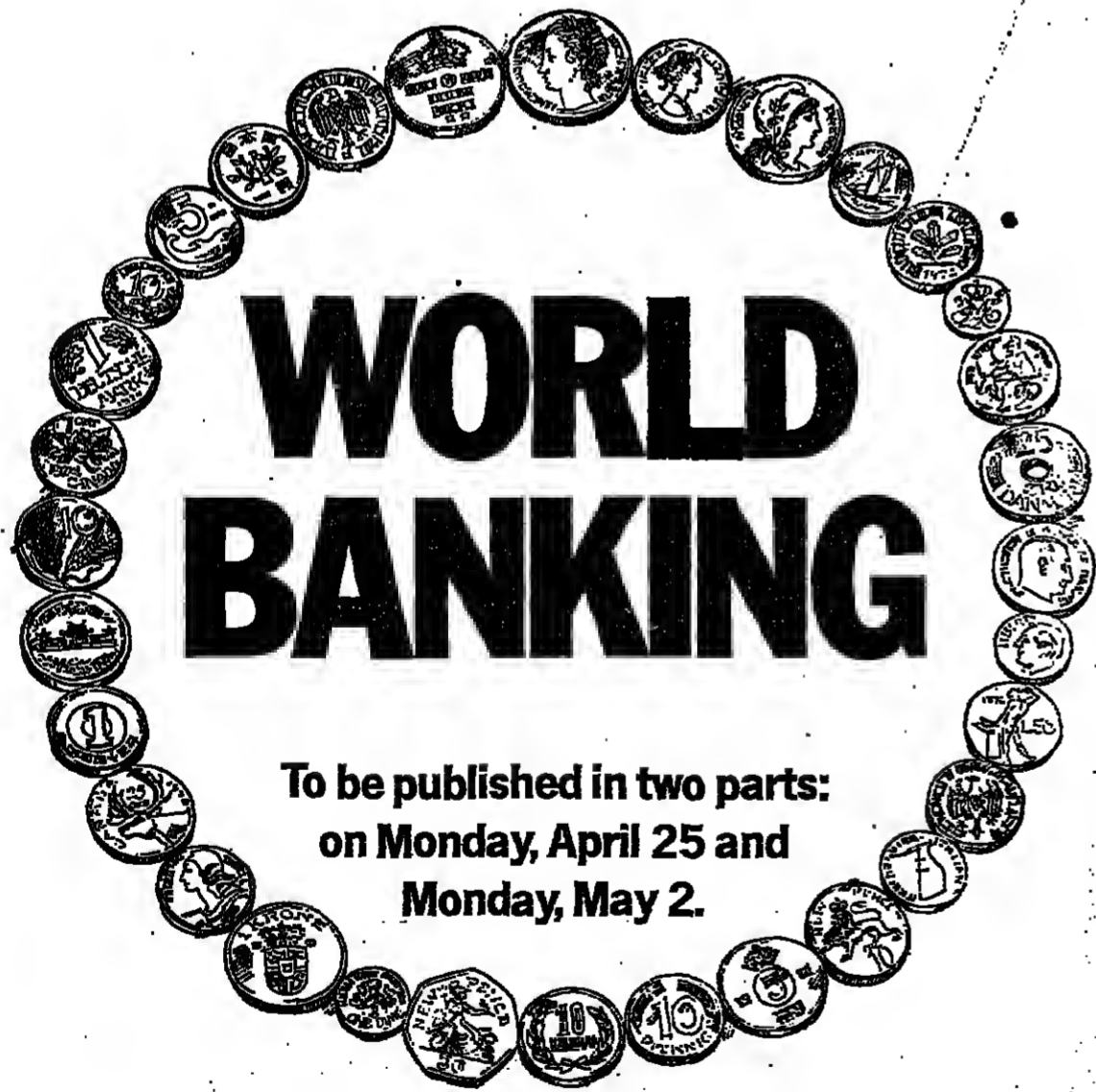
But in order to arrest the prices-wages spiral, it was considered necessary to "sterilise" from the scala mobile the price

effects of this increased indirect taxation. The unions, despite strong pressure from the IMF, said bluntly "no." To them a vital principle was at stake, yet in protracted negotiations they conceded finally something which in money terms represented an even greater loss in workers' real wages. They accepted changes in the weightings of a number of components in the cost-of-living "basket," including electricity and urban transport tariffs and the cost of newspapers. It is at least a start to attacking one (but only one) of the root causes of Italy's inflation.

But accepting these alterations has not been without difficulty for the trade union leadership. The rank-and-file membership is both disturbed and somewhat confused ("Why should the workers be making all the sacrifices to bail out a conservative Christian Democrat government at the dictates of the IMF?"), and few top trade unionists relish the prospect of trying to sell directly on the shop floor the package nego-

dated recently with both Government and Confindustria. Appreciating the real extent of the economic difficulties facing Italy is one thing. Telling it to workers that an essential contribution towards solving the problem is an actual if temporary lowering of their own living standards is another matter entirely. It is not a peculiarly Italian problem, and the frequency of sciopero should not be taken as an indication that Italy's trade unions are irresponsible. The problem is that their flexibility has been on low levels. They still show few signs of being prepared to operate in a realistic role in an essential restructuring of the industrial base, when some existing jobs must be put at risk, or for that matter in allowing those young Italians who have never held a job, including a vast number of school leavers, to price themselves in the labour force.

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FINANCIAL TIMES  
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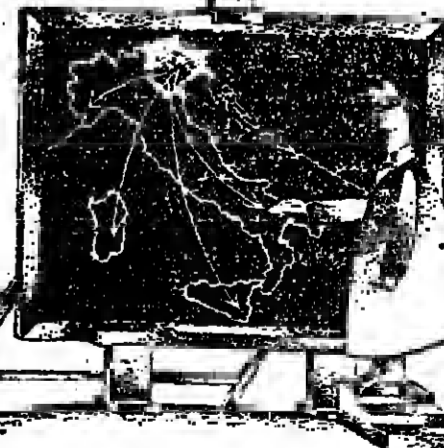
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# Student movement shows its strength

THE STUDENT revolt and the Order or 'New Order'. There has simultaneously been growth in the evidence of an intricate criminal network linking together Italy's 'Klanap' Anonymous organisation, the Calabrian Mafia and neo-fascist extremist movements. Concurrently, there has been a bitter row within the neo-fascist MSI Party which has now split into two factions. This occurred at the end of last year when a group of MSI Deputies decided to break away from the main party to form a new and less reactionary 'Fascist Democracy' grouping.

In the face of these dramatic events, vividly and soundly exploited by the Italian gutter press, the crisis inside Italy's universities—and indeed within the country's education system as a whole—runs the risk of dropping into the background. This crisis can in effect be summed up in a few statistics. There are about 730,000 university students in Italy, three times as many as in the early 60s and some 200,000 more than in the country's 44 universities. Most of these students have little or no chance of getting jobs.

At a youth employment conference held in Rome earlier this year delegates pointed out that out of every 100 unemployed 64 are between the ages of 15 and 24. Another set of statistics reveals that between 1.6m and 2m people under 29 are without jobs, of which about 80 per cent are looking for their first job. Of this 80 per cent, about half are graduates or hold a senior educational certificate.

The country's universities have been turned, in the words of one slogan painted on the walls of Rome University, into 'unemployment factories', and have thus become the base for Left-wing extra-Parliamentary factions which find expression in such movements as 'Azione' 'guardia Operaria' or 'Lotta Continua', which, according to another slogan, want 'to destroy everything since we can't get anything'.

This exasperation is the outcome of a combination of factors of which the lack of job prospects is perhaps the most serious. Students claim that there is a large measure of reluctance on the part of industry to employ anybody under the age of between 25 and 30, while industry says that most students are educated in fields which are completely divorced from the country's productive market base. Although the Italian labour market currently absorbs about 10 per cent of the annual student population, industry points out that a student effectively costs about 30 per cent more to employ than a not so qualified adult.

The problem, however, is exacerbated by certain factors peculiar to the Italian labour market. These include one phenomenon known as 'double work' and another called 'black work'. There are, according to the Italian Labour Minister, Sig. Tina Anselmi, some 2.5m Italians engaged in 'double work' who hold, for instance, a public sector white collar job at the same time as running a business of their own.

allocate 25 per cent of future public administration jobs to young people. The jobs will be decided by exams, which in the past have been heavily criticised as a system favouring students belonging to what is claimed to be a privileged Christian Democrat clique.

## Benefits

In other cases there are workers on State-subsidised salaries who draw benefits as well as working elsewhere. This is encouraged by certain employers, who in this way can avoid paying the heavy social welfare contributions of individual employees. The employee, for his part, can consequently receive a higher pay than he would otherwise obtain since social welfare contributions now average about 40 per cent of the effective salary. As to State subsidised salaries, these amount to 80 per cent of a worker's former salary for a period of a year, subsequently reduced, if the worker is still unemployed, to 66 per cent.

'Black work' is a variation of 'double work' in that it is a hidden source of income for tens of thousands of Italians. It is practised in particular in the country's broad web of cottage industries, which by avoiding Italy's high social security costs and minimum wages, have managed to remain competitive. According to the Labour Minister, if such activities were stopped they would release about 1m. or more jobs on the labour market.

The Italian Education Minister, Sig. Franco Maria Malfatti, has proposed a series of university reforms to limit the number of entrants in specific disciplines in order to offset the heavy concentration of jobless graduates in certain sectors. According to some estimates there will be next year about 507,000 schoolteachers and 141,000 general practitioners, while one out of every five recently graduated architects are jobless. Sig. Malfatti's proposal, however, has sparked off violent opposition from the students, who claim that the measure would limit the right of all students to study.

The Government has now elaborated a three-year 'study-plan' for which it has allocated L1,060bn., of which L750bn. is for the private sector to create new job opportunities. The plan envisages the creation of between 350,000 and 400,000 new jobs through openings in private industry, apprenticeship contracts with secure job prospects after the initial training period, jobs in social services and public administration. The Government also intends to

union suggestions that unemployed students should turn to manual labour, in the Marxist sense, have provoked more resentment—although at the same time the students are aware of the low level of academic standards in Italy which, in the words of one student, 'makes an Italian degree a worthless piece of paper.'

The rupture between the students and the country's official Left-wing forces is even more apparent in their relations with the Communist Party. They feel that the Communists have 'betrayed' them now that they have become a part of government by indirectly supporting the minority Christian Democrat Government of Sig. Giulio Andreotti through a policy of abstention in Parliament. In the words of one slogan 'The universities are now a battleground for Communists of all types and denominations.'

## Creed

It is against this background that the autonomous Italian Student Movement—estranged from the country's official Left-wing forces—has evolved. It has drawn within its ranks other elements of Italian society who are either rootless, drifters or jobless. It has devised its own political creed and it has resorted to its own individual protests which range from raising shops to refusing to pay restaurant bills or paying self-imposed reduced rates for cinema or theatre tickets. It has also, and more disturbingly, been dragged in the rising tide of ordinary criminality. And in some cases, it has become a humorous expression—through the so-called 'Metropolitan Indians' or rebel students who cover their faces with war paint—for one of the country's most acute social problems.

In recent weeks the student movement has become more coordinated and has violently surfaced in most Italian cities. It took, however, the eruption of an unprecedented wave of political violence to shake the apathy of the traditional political and trade union forces towards the chronic problems of youth unemployment and education generally. Ironically, the only reform to have been taken so far is to make Latin no longer obligatory in the secondary school syllabus.

They point especially to the problems of large numbers of young people who have never had a first job and who have no way of receiving any kind of unemployment benefit. To qualify for such benefits in Italy it is necessary to have worked for at least two years and to have had social welfare contributions paid by an employer for at least 12 months. The students claim that the unions in their current proposals have so far made no move towards solving this serious discrepancy in the system.

At a rally in February at Rome University, students shouted down the Communist trade union leader, Sig. Luciano Lama, and said they were tired of being used in the union fight to give power to the workers when the workers' movement, which effectively now has power, did nothing in return. Trade

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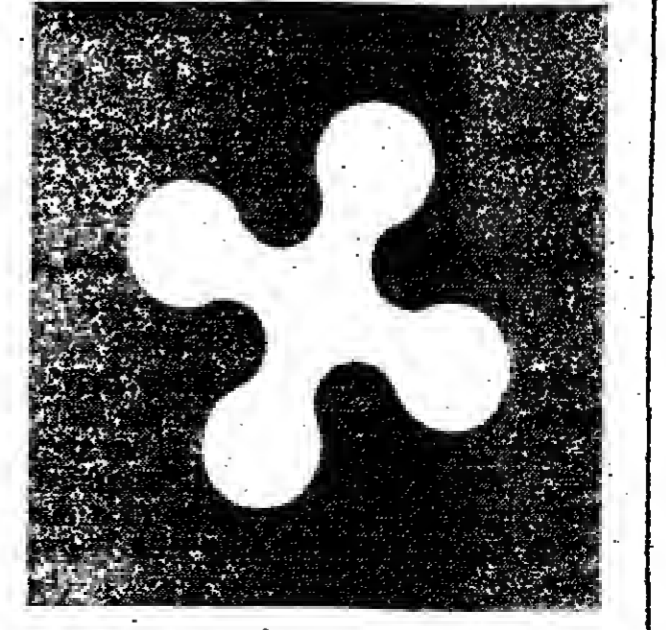
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Regione Lombardia

sands of students last month again

ted recently with government and Communist parties, predicting the real economic difficulties is one thing. The so-called 'strategy of tension' of the late 1960s, which was closely linked to the student riots of the time, the revival of student riots is another matter. It is not a peculiar feature of Italy, and the latter should be a warning to the country's political structures, so indicating how moving more than ever the problem is between Communists and Catholics.

ashes

When the first clashes broke out in February, with what appeared to be an unusual amount of unanimity, the country's political forces openly declared that there was a united attempt by extra-Parliamentary groupings to shelter and provoke the students in their subversive aims. Bologna, where the riots had their most disruptive effect, the Communist Mayor, Sig. Renato Tognoli, claimed that the riots were part of a co-ordinated attempt to disrupt the democratic system and institutions of the country since the end of the 48 hours of the so-called 'guerrilla fighting' in the centre of the city last year. Groups of extremists were seen arriving in cars filled with incendiary bombs and burning shops.

While the students' protest was a revival in the number of kidnappings and terrorist attempts against industrialists and businessmen, it was also a revival in the number of kidnappings and terrorist attempts against industrialists and businessmen.

Left-wing groups like the 'Red Brigades' or Fascist extremists betas movements like 'Black

At a youth employment conference held in Rome earlier this year delegates pointed out that out of every 100 unemployed 64 are between the ages of 15 and 24. Another set of statistics reveals that between 1.6m and 2m people under 29 are without jobs, of which about 80 per cent are looking for their first job. Of this 80 per cent, about half are graduates or hold a senior educational certificate.

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## Vatican's influence

THE MANAGEMENT style, if you like, of Italy's powerful Communist Party is based on the concept of 'democratic centralism'. This, rather loosely described, means that everyone in the party can have a say in the debate over policy, but all dissent must cease when actual policy has been formulated. At that point the debate is ended, and there really are few observers of the Italian Communist scene who actually know what goes on thereafter in the higher echelons of the Battaglie Oscure, the Rome headquarters of the party. But some words do emerge from time to time, apart, of course, from speeches and writings by top leaders, and one such word concerns Sig. Giulio Andreotti, the present Christian Democrat Prime Minister. The word is, and indeed has been for some considerable time, that Andreotti is a man 'with whom we might be able to do business.'

achievement for Sig. Andreotti in a sense, this experience and politically agile Christian Democrat spans two of the most important elements in contemporary Italian society, even if it is conventional nowadays to suggest, at least within Italy itself, that the Vatican counts for less and less. In one way perhaps, but it would be wrong to under-estimate the continuing influence in Italian secular affairs of the Roman Catholic Church, and certainly the Communist Party as such does not make that mistake.

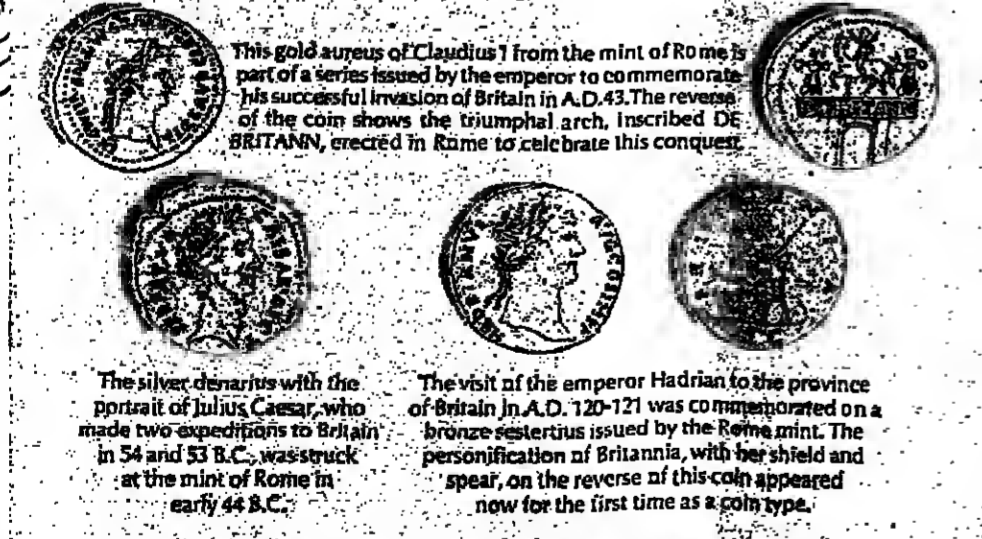
## Coalition

This is a kind of shorthand to say that the Communists' long-cherished compromesso storico, or grand coalition in government of all Italy's democratic parties, could just possibly be secured by agreement in an administration under Andreotti's leadership. But Andreotti also has a reputation in other exalted places, not least in the Vatican across the Tiber. As a close protégé of the late Alcide de Gasperi, who headed eight post-war governments, the young Andreotti almost daily reported on the affairs of state to a somewhat older Vatican diplomat by the name of Giovanni Battista Montini, later to become an Under-Secretary of the Vatican in state and now Pope Paul VI. In the highly selective cloisters of the Vatican, Andreotti to-day is referred to as a 'member of the family,' and that in Vatican when there is a Communist sive meaning. It is no mean feat the party is clearly trying to

Sig. Enrico Berlinguer, the Communist Party leader, may not be a practising Catholic, although incidentally his wife is, but he certainly does not under-estimate the influence of the Vatican, and his party goes to considerable pains not to clash with the church. Italy is still a nation of Roman Catholics, albeit with more than one-third of the electorate voting for the Communist Party, and Sig. Berlinguer for one has no interest in pointing up any ambiguities. Ugo Cardinal Poletti, the papal Vicar of Rome, did, however, at the time of the last General Election, emphasise the 'incompatibility between Christianity and Marxism,' but the Communist leadership offered nothing in reply.

When during the Divorce Referendum the Christian Democrats were at pains to introduce the Vatican into the argument, the church itself did call for public recognition of the 'sacredness of marriage.' The Communists were anxious to fight the issue strictly on social grounds. Again, in the recent debate on abortion, the Borrieghe Oscure, while in favour of more liberal laws, was noticeably concerned to avoid any confrontation with the Catholic Church. And now, family," and that in Vatican when there is a Communist sive meaning. It is no mean feat the party is clearly trying to

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**SPRINGTIME IN Rome.** The air-conditioned tourist buses are beginning to cause chaos in the narrow streets. The first strawberries are out on the market stalls alongside bunches of asparagus and huge artichokes.

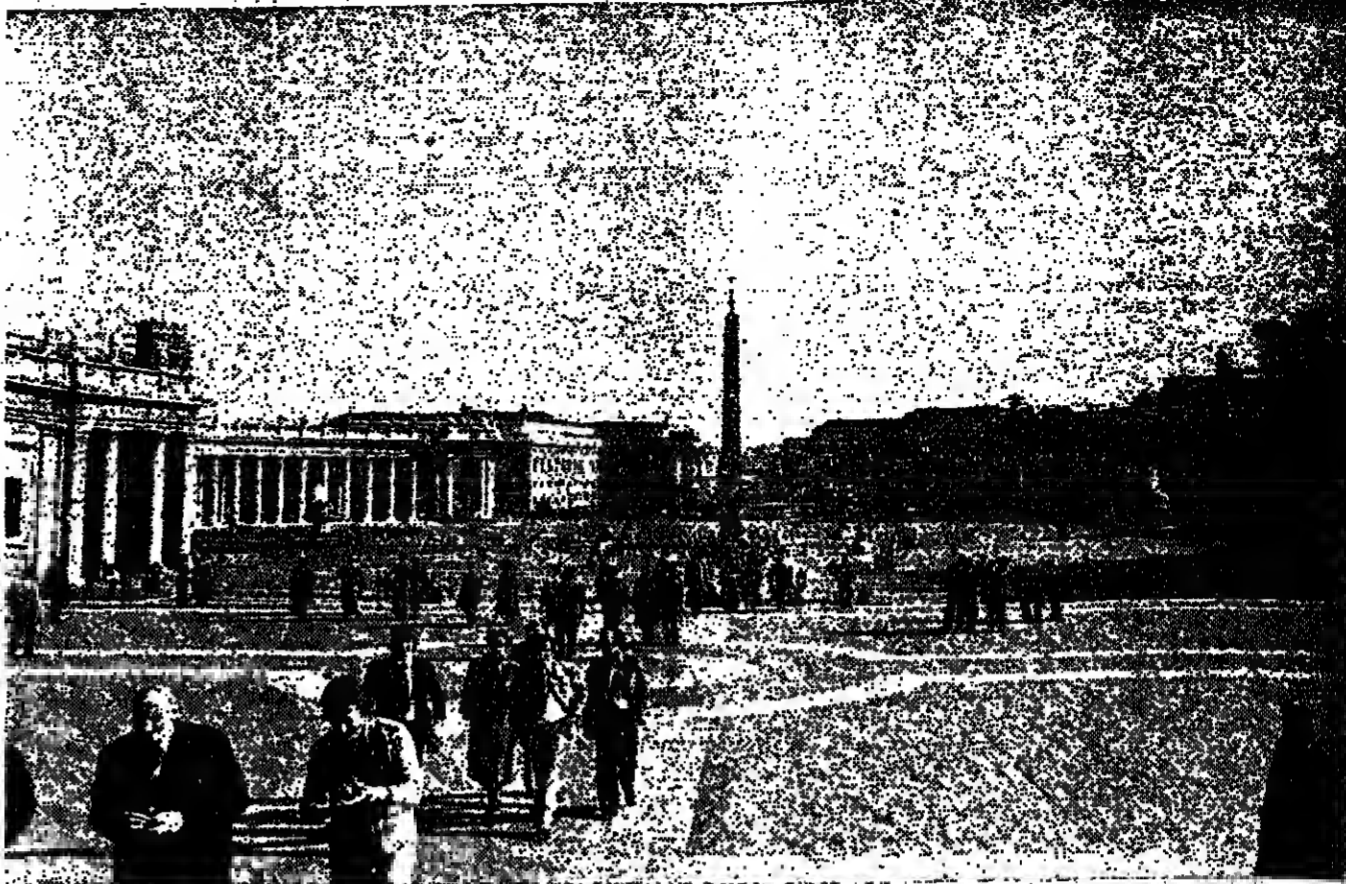
Gucci is crawling with Japanese and nuns are beading up and down the broad steps of St. Peter's.

Again, despite the economic crisis and the alarming reports of a rising crime rate due in part to the continuing political climate of uncertainty, the tourists are pouring into Rome and the rest of the country. Those arriving on package tours face the usual problems of no hotel bookings, no hot water and no continental breakfast. Those, instead, who descend on the grand hotels mostly owned by the financially troubled state holding company, IRI, grumble over the price of their cocktails. And those music lovers, who particularly come to Italy to attend a performance at the La Scala Opera House in Milan or La Fenice in Venice, now face the added hazard of finding no tickets, however much they are willing to pay because it's "trade union night" at the opera.

There are other complications in store for tourists. Apart from the general chaos at the airport, tourist resorts are likely to be hit directly or indirectly by strikes. Taxi drivers in the Naples area will charge higher fees than shown on the meter because, they explain, "there is rising inflation."

In another seaside resort, a busload of tourists were seen suffering from food poisoning while walking on the promenade after eating the local seafood.

In spite of all this, or perhaps as a result of all this, tourism makes a major contribution to the country's balance of payments. More than 36m. tourists visited Italy last year, an increase of 6 per cent on the previous year which was, incidentally, "Holy Year"—the Vatican spiritual and commercial happening which takes place every 25 years and draws millions of Roman Catholics from all over the world to the Holy City. The tourist industry itself earned L2,600bn. last year compared to L1,630bn. in 1975. It generated L2,101bn. in foreign exchange—an increase of 24.8 per cent on the year before—and which, after the L588bn. Italians spent abroad last year, left a profit of L1,513bn. or an increase of 51 per cent on the 1975 surplus. This was largely the result of a reduction of some 14 per cent on the amount Italians, in the face of economic recession, spent abroad in 1975.



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**Seasons**

With nearly 4m. tourist beds, Italy has the largest tourism infrastructure in Europe. It has in effect two tourist seasons. One mainly for skiing enthusiasts in winter, the other in summer based on the simple "sand, sea and sun" formula. Between seasons, of course, there are the tourists who do the grand tour and the sight-seers.

The winter season is a fairly recent phenomenon and effectively dates back to the ski boom in Italy of the 1960s when scores of small mountain villages were

transformed into winter sports resorts. There were, of course, the traditional ski resorts like Cortina or Courmayeur. But the new ones mushroomed as a result not only of the rise in living standards in Italy but especially because of their strategic position near the French, Swiss and German borders. The competitive prices of these new resorts lured many foreign skiing enthusiasts from their home pistes to the nearby tracks in the Italian side of the Alps or the Dolomites.

It is the West Germans, in fact, who represent in numbers for Italy's tourist trade the biggest customers. And this perhaps explains why the northern province of Trentino, the Veneto and Emilia-Romagna are at the heart of the tourist industry. The other regions, in terms of tourist popularity, are Lazio (or the Rome region), Tuscany, Lombardy, Campania and Sicily.

Although the industry as a whole is concentrated in the north of the country with the highly developed and cramped seaside resorts of the Adriatic and those of the so-called Riviera Del Fiori stretching from Genoa to the French border, it is gradually spreading

to the centre and to the south. In the hillsides of Tuscany, for instance, West German, Swiss and even small British colonies are growing in numbers as travellers buy derelict farmsteads for the summer months. The islands of Lipari, Vulcano and Stromboli, between Naples and Sicily, which until recently were predominantly patronised by Italian holidaymakers, are beginning to swell with overseas visitors, who, as one tourism official pointed out, are now getting tired of Capri.

**Conflict**

In the deep south of the country, tourism is developing more slowly. It is coming into conflict with the policy of industrialisation which threatens to spoil areas of great natural beauty. The infrastructures are still inadequate for the sort of mass tourist penetration peculiar to the north of the country. Yet this very lack of facilities has drawn an increasing number of visitors in search of an alternative to the conventional seaside resort, which, in Italy, has to a large measure lost some of its former appeal as a result of

disturbing reports about the pollution of the sea, and hazardous building development. But what the tourist coming to Italy will now find—apart from the benefits of a devalued local currency and petrol coupons, the monuments, the museums, the decaying elegance of Venice or the bar at the Piccola Marina—are certain significant changes to the usual blurb contained in the brochures that reflect the profound transition the country is undergoing. The reference earlier to the trade union "night at the opera" is a growing phenomenon. It is a commendable development. It has brought back what had

become a spectacle for rich tourists or high members, an important tradition to the average. It has been followed up by screening on regular local television. There are other changes which are given ample expression in the form of ads and posters that cover the—and indeed of some monuments—all over the country. Even the most callous can no longer ignore such changes.

**Vatican**

CONTINUED FROM PREVIOUS PAGE

avoid any impression of a "showdown with the Pope," as indeed is the Mayor himself, Sig. Giulio Carlo Argan. The Italian Communists, unlike Stalin perhaps, do not know just how many regiments the Vatican does have.

They certainly are much less active these days, but the Vatican influence remains strong. It is not just the continuing moral authority of the Pope, although that too is there, nor is it an influence stemming from widespread commercial investments, since very many of these have now been transferred out of Italy to (principally) either the United States or Switzerland; in the former it is concentrated to an extent in telecommunications, insurance and banking. The influence therefore is in a sense, unquantifiable, but many Italian businessmen will tell you that offending the papacy is a good way of having a whole lot of doors closed to you.

There is, of course, a continuing strong Vatican influence within the Christian Democrat leadership, despite its origins as a secular party (the Pope's own father was a member of Parliament as a Christian Democrat), even if the church to-day occasionally raises a quiet voice calling on the party to reform and renew itself, to re-build its image from administrative inefficiency and political corruption. A whole lot of Vatican-leaning Christian Democrats are still in leading commercial positions and, basically, the fact that a great many Roman Catholics vote Communist is not the same as saying that they have made a clear choice between the two.

Italy's notorious anticlericalism is less positive than is generally assumed, even if nuns do stand in buses while young men retain their seats. It is in many ways an understandable reaction to the old papal states, but you would never guess it in churches up and down the country on Easter Sunday. To be married in church, to have you child baptised in church are still common and desired practices throughout Italy, and the Pope's organisation in the country does surpass that of any political machine, what with some 300

bishops and more than 400,000 priests.

But, of course, it is much more than a mere numbers game. Some political parties, and principally the smaller ones, occasionally make play of the need for the separation of Church and State, and indeed so it should be, and the current study into revisions to the present church-state concordat will, to a very large extent, make it constitutionally so. However, that will not necessarily remove the Vatican's authority or reduce its influence in Italian life, and the church itself is anxious to revise the even more rigid concordat with Spain, and for the same reasons. Analysis can provide some answers, but the Vatican's influence in Italy is, in a sense, just there, known to be there and in a way felt without always being tangible.

**Aware**

The Communists certainly understand the position, and they are also very aware that the Vatican has (and indeed is continuing to) made its own arrangements with Communist Parties elsewhere, particularly in Eastern Europe on the broad basis of "political concessions for pastoral gains." The Church has recently effectively recognised the East German regime. Flexibility has always been an attribute of the Roman Church. The "enemy" is fought tooth and nail until he is actually inside the walls, and then is the time for compromise. For the moment, Italy's Communists have the task of convincing even more of the electorate that the Party is committed to democracy, to pluralism, to freedom, including that of religion. A deliberate confrontation with the Vatican would be a bad start, and both sides know it.

This is not to suggest that the Vatican accepts as inevitable the eventual arrival of the Communists to Government. It does not, in the sense that there is a collective view, such as that of the Italian Bishops' conference. Indeed, the principal reason why there is now gentle pressure on the Christian Democrats to reform is precisely because the Vatican wants to ensure that the cler-

torate does in the future have a clear choice between the Communists and a modern, secular political party which is free of corruption and of the other unsavoury skeletons which, perhaps even inevitably, any party so long in power collects. It is also part of Vatican strategy to even positively encourage a clearly seen separation of church and State, which of course is not the same thing as saying that the Roman Church would want to lose its influence in Italian political affairs.

On perhaps one of the most sensitive issues surrounding the church, namely its actual or alleged great wealth, the Vatican has lately shown signs if not as yet in anything like full disclosure. Any of its commercial investments within Italy itself have, as noted earlier, been sold off, while its property, still considerable in and around Rome, is not in the strict sense all belonging to the Vatican. There are some 1,000 religious orders of priests, nuns and brothers with representation in Rome, and in the vast majority of cases they have each their own head house. To lump all this as being part of a vast Vatican property portfolio is, in one sense at least, rather like associating with a political party the properties owned by its party members. It is an extreme parallel, of course, but property owned by various religious orders is very much their own, as indeed the Vatican has discovered in the past when on occasions it wanted to acquire a suitable building to house some of its senior employees. Suffice it to say that commercial considerations obtained.

This is not to conclude that the Vatican is without wealth, indeed far from it, but it is nowhere as extensive as most of the speculative estimates would suggest. A recently published estimate by Cardinal Egidio Vagnozzi, in his capacity as Head of the Prefecture for the Economic Affairs of the Holy See, suggests that the Vatican's productive assets in worth some £50m. Certainly, its influence is worth a great deal more.

D.J.C.

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# America debates renewed takeover wave

By STEWART FLEMING, New York Correspondent

SOME OF the biggest mergers in U.S. corporate history have been completed during the past 18 months in spite of the increasing doubts among politicians and the public about the wisdom of further concentration in important sectors of U.S. industry. The reservations have been exemplified on the one hand by new federal legislation...

acquisition of Burmah Oil's U.S. oil interests by R. J. Reynolds, the tobacco concern, for \$500m, and the purchase of a coal company, Carbon Industries, by International Telephone and Telegraph for \$300m.

Against this background the recent announcement that United Technologies, which manufactures Pratt and Whitney jet engines and Otis elevators, was ready to pay \$500m for Babcock and Wilcox, the manufacturer of nuclear power and steam generating equipment, can be seen to be part of a new wave of mergers.

Accurate statistics on merger activity beyond 1975 are not yet available from the Federal Trade Commission. Figures for 1975 show that in that recession year mergers slumped to 1,288 from 1,805 in 1974. This compared with over 4,500 mergers in the boom of the early 1960s...

In the absence of official statistics the best indicators at least of the trend in merger activity is provided by specialist consultants to the field. According to W. T. Grimm, the Chicago merger consultancy, there were some 2,278 merger announcements last year. A dollar price was stated in 998 cases and the total dollar value of these proposed deals was \$20bn. In 1975 Grimm logged 2,397 announcements, 648 of which named a dollar price, with the total (in-

cluding the GE-Utah deal) coming to \$11.5bn. These figures give an indication of the trend, since Grimm bases its figures on merger announcements which may or may not be subsequently completed. But few people would argue with the overall conclusion that the figures accurately reflect a sharply increased merger activity.

Investment bankers remark upon the comparatively high proportion of transactions that were completed for cash. Other analysts draw attention to the wide range of industries affected, including publishing and engineering, but particularly the natural resource sectors of industry including mining and energy.

Inevitably the new merger wave is prompting comparisons with the conglomerate merger boom in the latter half of the 1960s. During that period men like Mr. Harold Geneen, of International Telephone and Telegraph, and Mr. Jimmy Egan, of Ling-Temco-Vought, fashioned their conglomerates. (Interestingly the chief executive of United Technologies, Mr. Harry Gray, was a senior executive with Litton Industries, another conglomerate, through part of its phase of expansion.) But most observers argue that the differences between the mergers of the late 1960s and those of today are much more important than the superficial similarities.



Mr. Harold Geneen, who in the 1960s made IT & T a byword for successful though not uncontroverted mergers.



Mr. Harry Gray, Chief Executive of United Technologies, wants control of Babcock and Wilcox.

only little over nine times earnings. In these circumstances companies see raising finance or paying for acquisitions with the issue of shares as an expensive form of financing.

The argument that companies are being noticeably circumspect in their acquisition policy is strengthened when cash is the consideration. If the cash has to be borrowed either the company's own financial controls in judging the expenditure. At the current relatively low price/earnings ratio the assets of many companies are seriously under-

valued in comparison with their replacement cost. Under these circumstances the balance between expansion through new capital investment and expansion through acquisition is tilted heavily in favour of the latter. Expansion through new capital investment runs into all sorts of uncertainties. To start with there is the cost, in an inflationary period, of buying new plant. For many industries the delays and additional costs of meeting environmental requirements also must be taken into account. Corporations are more conscious, too, of the increased volatility and unpredictability of the economy, and less confident of long-term growth.

The inducements are therefore greater to expand by making acquisitions, which are seen to be relatively cheap, and which may avoid the danger of new plant coming on stream just as a recession hits, while at the same time providing a well-established market share and an established sound management, with good growth prospects if the investment is in the right sectors of the economy.

The argument that acquisitions are taking place as a substitute for new capital investment is not universally true since in the natural resources field, for example, there is evidence that the acquiring companies are anxious to pump new cash into the businesses they are investing in. But it is an argument which is causing concern in Washington and elsewhere, particularly among those who feel that new capital investment is badly needed to ensure stable growth.

The sharp increase of merger activity, especially among the corporate giants, is also reviving long-standing but ill-defined anxieties about the social as well as the economic implications of the further concentration of U.S. industry. President Carter has already indicated that he regards a vigorous anti-trust policy and lessened government regulation of certain industries as a means to promote efficiency and to help to ease inflation.

Significantly, Babcock and Wilcox in its efforts to fight off United Technologies bid is already playing to this political gallery and tapping the vein of suspicion surrounding corporate aggrandisement. Mr. George Ziff, Babcock's chairman, says that reduced competition in the energy equipment field in "this period of energy resources" would be inimical to the public interest. In what can be interpreted as an indirect reference to United Technologies' diversification plans, Mr. Ziff has also said that the energy field is "no place for corporate buccannery."

Then, with a nod in the direction of Washington's fears about corporate empire building, he wondered whether the United bid "will not contribute another blow to democratic capitalism."

His remarks can be interpreted as the usual rhetoric of takeover battles, but there seems little doubt that he has chosen some of his targets shrewdly. Wall Street stock brokers are beginning to suggest that United Technologies will have a tougher fight gaining control of Babcock than it did in its long fought battle for control of Otis Elevator. There are also stirrings on Capitol Hill which suggest that the whole issue of mergers and takeovers is once again beginning to exercise the minds of legislators.

## Letters to the Editor

### Index-linked pensions

From Mr. D. Thomas.  
Sir—In the growing note of disquiet at the index-linking of pensions of public servants, it may be as well for us to reflect that in April, 1975, earnings-related state pensions will be increased regularly during payment to line with increases in prices. Moreover the basic state pension will increase each year in line with the greater of the annual movement in the general level of earnings or the rise in prices.

### Preference votes

From The Director, Electoral Reform Society.  
Sir—It is to be hoped that France will not simply return to the pure party list proportional system used between 1945 and 1951 but will consider changing to the single transferable vote form of proportional representation. The French parties devote an excessive amount of their time to negotiations aimed at forming alliances which they hope will secure a majority. Party list PR would reduce the need for this, since each party individually would be sure of its fair share of the seats, but it would not enable the voters of Party A to say whether they wished to ally with Party B or not. The single transferable vote would.

### Post-merger experience

From Dr. G. Meeks.  
Sir—May I take up one of the points raised in the letters arising from Geoffrey Owen's article on takeovers (March 24)? Mr. Stacey's letter of March 29 raises doubts over the interpretation of my research results referred to in that article. The results, for some 200 merging companies, show a disappointing profitability performance after merger, but Mr. Stacey suggests that, so far as profitability was typically falling for the company sector as a whole in the period of my study, the decline observed for particular companies after merger may not after all be attributable to the activity of merging; maybe the companies in question would in any case have suffered a fall in profitability, even in their independent state—the more so if many of them happened to be concentrated in sectors of the industry experiencing particularly steep decline.

### Redistribution of wealth

From Mr. S. Wanck.  
Sir—The trade unions are always talking about redistribution of wealth yet when it hits them, as in the case of erosion of wage differentials, they do not like it at all.  
S. W. Wanck.  
Cherrington, Pilgrims Close, Westhumble, Dorking, Surrey.

### Discriminatory taxation

From Mr. W. Field.  
Sir—If the Chancellor really wishes to reduce mortgage rates he should look again at the discriminatory taxation of the elderly who invest in building societies.  
The traditional supporter of a building society is the retired person with a few thousands to invest and he is currently liable to be taxed at 58 per cent of more on his investment. This arises because if the total gross income without deductions is over £3,250 the concession to the elderly is progressively clawed back by the Treasury and vanishes altogether at £3,955.  
Naturally this restriction does not affect funds invested in National Savings, etc., which are generally tax free.  
At present this anomaly is not as well known as it should be. In time, however, it must affect the flow of funds to the societies and indirectly mortgage rates. Nowadays £3,250 cannot be regarded as high, particularly as the calculation includes the State pension and any other pension in full.  
In any case it is wrong in principle to make an apparent concession or increased concession to the elderly in the foreknowledge that some other restriction will make it largely worthless.  
W. J. Field.  
Longmeads, 95, Tiddington Road, Stratford-on-Avon.

### Driving hours

From Mr. B. Gill.  
Sir—In response to Mr. Quin's legislative proposals (April 6) to my observations (March 31) about the EEC hours law and its effect upon the operation of buses, I plead guilty. Mr. Quin has just obtained its fourth deferment of the EEC hours law which it accepted when the Treaty of Accession was signed. The deferments were granted on the understanding that the U.K. would use the time thus made available to prepare for the eight hour driving day. The fact that Mr. Quin appears to have no intention of using the time in the manner expected is as near to fouting the will of the European Commission as no matter.  
Mr. Quin is also correct when he says that the hours law regulation 543/69 only exempts regular services operating within a 50 km radius of base. It is of course the tachograph regulation 1463/70 from which all passenger service vehicles on regular services are exempted. It is also this regulation which is being flouted by the U.K. Government—this time in both the spirit and the deed.  
Mr. Quin, however, appears to have missed the point. He omits to mention a vital fact which is that a significant part of the population of public service vehicles is not "caught" by EEC drivers hours regulations. I repeat that the section would be "caught" by the regulations is in general its greatest pressure to drive over long periods of time.

### Currency bonds

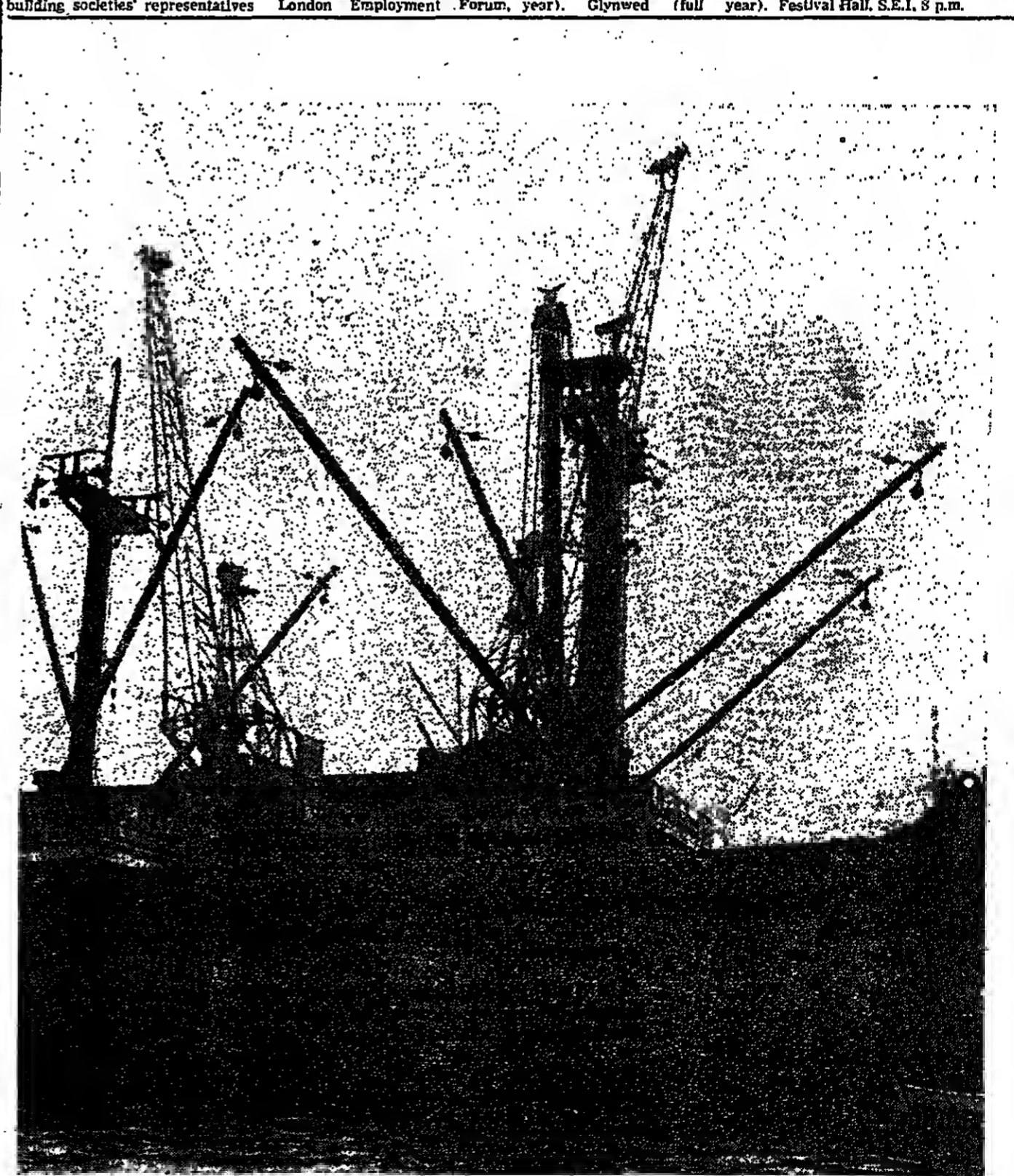
From Mr. D. Liss.  
Sir—On September 2, 1976, you allowed me space to suggest the issue of a new kind of security known as External Treasury Bearer Bonds. Sterling then stood at about \$1.77. Now, seven months later with sterling at about \$1.72 they are to be issued (April 5), but with only two of the four characteristics I thought they should have.  
I had hoped that the success of such an issue might have enabled the authorities to do without borrowing internally at 15 per cent. But in this period—large issues of medium-dated stocks apart—they have borrowed more than £2bn, at an average of more than 15 per cent for an average period of 20 years. The consequences are with us in the shape of lack of industrial expansion, continuing high unemployment, a failure of the rate of inflation to fall, record mortgage interest charges and a borrowing requirement which will be perhaps £100m. more annually for 20 years than it might have been. Can any foreign investors have achieved undreamed-of yields in a currency

### The money supply

From The Deputy Director, National Institute of Economic and Social Research.  
Sir—Mr. Harris's article on the money supply (April 6) shows what a muddle we get into once a target figure for the money supply is elevated to the status of a major objective of economic policy.

## To-day's Events

- GENERAL Treasury issues figures of Central Government financial transactions, including borrowing requirements, for March.
- TUC Economic Committee meets, and afterwards holds talks on matters arising from the Budget and on next stage of pay policy with Mr. Denis Healey, Chancellor of the Exchequer.
- Mr. Eric Varley, Industry Secretary, Mr. Roy Battersley, Prices Secretary, and Mr. Albert Booth, Employment Secretary.
- Mr. David Owen, Foreign Secretary, expected to meet Mr. John Vorster, South African Prime Minister, and Mr. Ian Smith, Rhodesian Premier, in Cape Town.
- Government consults with building societies' representatives
- Wilmot-Breedeo (Holdings) (full year).
- COMPANY MEETINGS Anglo-American Securities Corporation, 3 Queo Victoria Street, E.C. 2.45. Steeley, Chartered Accountants' Hall, Noorgate Place, E.C. 12.
- National Union of Teachers' conference, Eastbourne.
- National Association of Schoolmasters' conference, Torquay.
- Two-day conference on legal, taxation and accounting problems of doing business in EEC, organised by Faculty of Laws, Queen Mary College (London University) opens, Lodon Hilton, W.1.
- COMPANY RESULTS Babcock and Wilcox (full year), Blackwood House (full year), Dickinson Robinson Group (full year), Glynwed (full year).
- jointly sponsored by GLC, TUC, CBI and London Chamber of Commerce, 69, Cannon Street, E.C. 4.
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- MUSIC Diane Jlejan gives piano recital, Church of the Holy Sennichre, Holborn Viaduct, E.C.1, 1.15 p.m.
- Royal Philharmonic Society: BBC Symphony Orchestra, BBC Singers and Choral Society, conductor Pierre Boulez, with Janis Martin (soprano) in programme of Wagner (Prelude and Liebestod—Tristan and Isolde); Schoenberg (Wartung); Ravel (Le Tombeau de Couperin); and Stravinsky (Symphony of Psalms), Royal Festival Hall, S.E.1, 8 p.m.



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# Jobs in textiles: another endangered species.

## A statement from Burlington Industries.

We have become increasingly alarmed over the rising tide of textile and apparel products entering this country from abroad that threatens ultimately to drown a major segment of the U.S. textile and apparel industry and all those who derive their livelihood from it.

The U.S. government has so far apparently failed to grasp the scope of this problem and is even now preparing to negotiate new trade agreements that will assure continuation of the process of foreign takeover of a major U.S. market.

We cannot stand silently watching our own industry's decline. We are therefore compelled to speak out publicly to alert all those who are affected by this danger — employees, shareholders, suppliers, legislators, customers, and friends in the communities where we operate. We must all understand the problem, its genesis and its current and potential impact. For failure to solve it by making major changes in the Multi-Fiber trade agreement could very well cripple major segments of two of America's most important industries.

The textile/apparel import trade agreements under the Multi-Fiber Arrangement have been in effect between the U.S. and various foreign governments for a number of years. The goal of these agreements was to permit the level of import growth to be limited in the event of market disruption. But, in any event, growth from levels established several years ago was to be permitted on a compounding basis at the rate of 6 percent per year.

It was predicted that such a growth rate could be readily absorbed by the U.S. market without causing any adverse effect on U.S. manufacturers. The record shows that these agreements have failed to achieve the original objective. We are seeing massive market disruption in the U.S. textile and apparel industries because of mushrooming growth of imports which has caused extensive damage to member companies and their employees. The potential for the destruction of the entire apparel industry and related segments in textiles, should this pattern of increase continue, cannot be overestimated.

The textile industry is not alone in facing this problem. One need only look at the present sorry state of the U.S. radio/television receiver and shoe industries, whose viability has been effectively destroyed by imports, to see the bleak prospects for textiles and apparel — employers of 2.3 million people. Threatened, too, are jobs among suppliers of fibers, chemicals, paper products and machinery.

In the past 10 years, textile imports have grown at an average rate of 5.5 percent a year, or a total of 71 percent. In comparison the U.S. market grew only 2.5 percent per year and 28 percent overall. In 1976 alone, textile imports increased 34 percent over the previous year, while the total domestic market grew only 11 percent. As a result, foreign imports have now

captured a record 10.4 percent of the entire domestic market. Of even more concern is the fact that apparel fabric and garment imports have now captured 17 percent of the market.

Looking ahead, the entire U.S. market is projected to remain at or below a 3 percent growth rate for the next several years. On the other hand, we can conservatively estimate an import growth of 8 percent per year when one adds to the historical 10 year average new entrants and the built-in bonuses to countries with which the U.S. negotiates new bilateral agreements. Based on an 8 percent growth rate, by 1985 imports will have captured more than 20 percent of the entire textile market and in apparel related products would hold more than 40 percent.

Thus, we are deeply concerned over the long-term impact of this annual increase in textile imports, the level of which has no relationship to the actual growth of the U.S. market or its ability to absorb imports without driving out domestically manufactured products and causing massive industry unemployment.

We are told that there are consumer benefits to be derived from "cheap" foreign imports. These are illusory. The suggestion that they exist is causing the public and government to ignore the long-term dangers posed by these imports — widespread textile and apparel unemployment; loss of shareholder investments; the negative impact on the GNP; continued negative balance of trade which for textiles alone in 1976 reached \$3 billion; and the potential destruction of two of this nation's most important industries.

Adding to the difficulties the U.S. based textile industry faces today is the need to spend substantial sums and increase costs to clean up the environment and establish better safety and health conditions. These trends are in sharp contrast to the direct and indirect subsidies which are often offered by foreign governments to their own textile industries to encourage exports.

Of further great concern to us is the potential for the United States to become completely dependent on foreign countries for essential textile products. This is true not only of apparel for our people, but of basic industrial textile products that are used in the rubber, computer, aerospace and defense industries. We have only to look today at our almost complete dependence on foreign oil, and the prices we pay for that commodity, to see what a future based on foreign dependency could hold for us.

Yes, we must keep goods flowing between nations. But we must also find a fair and equitable formula for the admission of imports — one that will not sacrifice this nation's textile and apparel industries.

There is also a fundamental question as to who actually gains from the lower cost of labor under which most imported textile products are manufactured. The wage rates in less de-

veloped nations — from where most textile imports arrive — usually run between 25¢ and 50¢ per hour compared with the Burlington Industries average of \$4.02 per hour.

Should American workers now be forced to subsidize foreign workers with their jobs? Absolutely not. Let us remember, too, that American workers are also consumers. As unemployed workers, they will no longer make a contribution to our economy, but will require public assistance and go off the tax rolls. In the long run, we will all — employees, corporations, shareholders and consumers — be forced to pay for this.

We are not suggesting that imports of textile products be stopped. Only that they be required to meet tests of fairness and need.

Thus, we are saying that this country's leaders must take a long, hard look at the Multi-Fiber trade agreement as it stands now and amend it to correct the inequities that have become so clear.

Specifically, we have made two proposals to amend the MFA:

1. Textile and apparel imports must not grow at a rate greater than that of the domestic market.
2. A mechanism must be established for timely monitoring of the levels of specific import categories. And where such imports severely impact the industry, no overall quota growth would be allowed in the next year.

These two basic proposals encompass the points which have been variously endorsed by other representatives of the textile and apparel industry, and also by more than 225 Congressmen who have recognized this serious threat to the textile/apparel industry.

To preserve a viable domestic textile/apparel industry, the executive branch of our government must commit itself to negotiate a more effective Multi-Fiber Arrangement and bilateral agreements in such form as to curtail immediately the increasing injury to the domestic textile/apparel industry, with its consequent loss of jobs.

Some 2.3 million such jobs are at stake in this import question, 12 percent of all manufacturing jobs in this country. Twenty-three percent of those 2.3 million jobs are filled by minorities and 65 percent of them are filled by women. It is difficult to understand why we are so concerned about countries that become havens for American importers and foreign manufacturers who exploit cheap labor at the expense of our own U.S. labor force and industry. We are deluding ourselves if we believe the MFA as it now stands is really giving us anything except the progressive export of American jobs.

We trust our government will now proceed with wisdom and profound concern for the 2,300,000 textile/apparel workers in America who want to keep their jobs and their dignity.

### Burlington Industries

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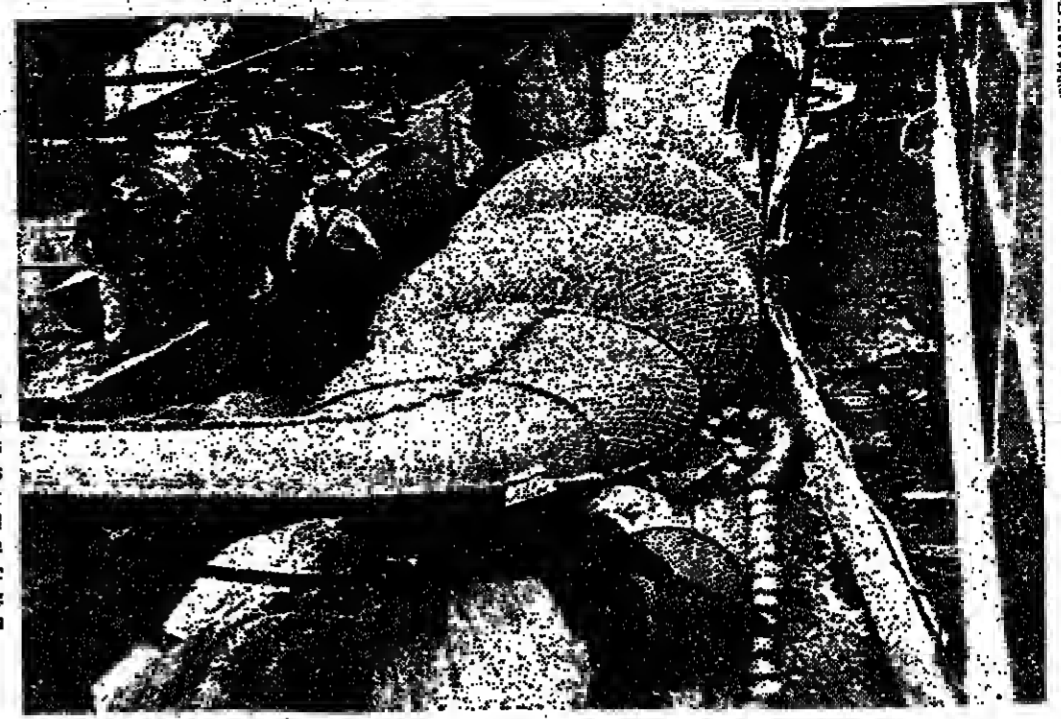
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Robin Burton looks at fisheries research in the Antarctic

# The hunting of the krill

THE BRITISH Antarctic Survey, headed by Dr. Richard Laws, is to increase its research work into offshore resources in Antarctica such as deep sea fish stocks and krill, the shrimp-like organism engaging the interest of scientists.

There is now growing awareness that there is considerable wealth locked up in Antarctica in the shape of coal, oil and minerals, but some doubt that this can be extracted without significant advances in technology, which will take time. In the meantime, however, it has become increasingly obvious that there will be development of various types of fisheries and the British scientists, who have long been involved in Antarctic research, want to be in a strong position to argue conservation measures before this occurs.



Krill in a midwater trawl on the deck of the West German research trawler Walther Herwig.

## Potential

The Antarctic Peninsula region, which projects towards South America, is regarded as being a particularly interesting area and was formerly of great significance to the South Atlantic whaling industry. According to Dr. Laws, "it is now abundantly clear that it is the key area for Antarctic science. This is also considered to be the area with the greatest economic potential and the best way for Britain to retain a stake in these resources is to maintain a substantial scientific programme."

The U.S. Geological Survey estimate suggests that there may well be more oil in Antarctica than in the whole of North America. The research ship Glomar Challenger found evidence of gas deposits, but for various reasons Dr. Laws feels that it is better to consider more easily attainable riches in the form of krill and fish. This view is reinforced by the results of recent research carried out by the West German research ships Walther Herwig and Weser.

The first big West German attempt to look into the possibilities of harvesting the tiny crustaceans known as krill ended last June, when the research trawler Walther Herwig docked at Bremerhaven with

the chartered factory trawler Weser after an eight-month exploratory voyage to Antarctica. The ships had worked in the Scotia Sea between South Georgia and the South Orkney Islands, close by the Antarctic Peninsula and in the Weddell Sea. They had also travelled further eastwards to the waters between South Georgia and South Africa.

On these trips, made during Antarctic summer, the ships sailed a distance equivalent to more than four times round the world and made over 200 hauls for krill using nets designed to work near the surface, as well as seeking bottom-living fish. Initial assessments of results show that there should be little difficulty in catching all the krill needed, as these can be found in the upper ocean layers. Main aims for future research will be the determination of the best sort of ship to catch the krill and the best uses for the high-protein product.

A British scientist of the British Antarctic Survey, Dr. Laws, from whom the results were "most encouraging". It is not only the British and Germans, who are interested in shipping. There are also other stocks of fish which could prove

seen a fair amount of activity by both Russia and Japan, world of shrinking fishery grounds. The new British Antarctic Survey interest will begin in a practical manner next Antarctic summer when a group of scientists will move in to supplement those already there, despite the fact that an official governmental report insists that there is a doubtful future in the resources available.

On the basis of German experience, with catching rates of some 40 tons an hour, it is likely that krill fishing could be commercially viable, but so far it is not known what rate of catching the stocks could support without being wiped out.

There is quite a lot of information available about the habits of the Antarctic krill, but still some uncertainty on several main points. It is known, for example, that krill are most abundant in certain areas, but nobody knows why this is so.

## Abundance

It seems possible, on the basis of present knowledge, that a krill "fishery" could maintain an annual catch of perhaps 50m tons and there are abundant stocks in the areas open to shipping. There are also other stocks of fish which could prove

of commercial importance in a world of shrinking fishery grounds. The new British Antarctic Survey interest will begin in a practical manner next Antarctic summer when a group of scientists will move in to supplement those already there, despite the fact that an official governmental report insists that there is a doubtful future in the resources available.

The Antarctic is of course still under the umbrella of the Antarctic Treaty which was signed in 1959 and designed to last 30 years, during which time there would be peaceful collaboration between the various countries which signed it. The U.S., Russia, South Africa, Britain, New Zealand, Australia, France and Japan all have their own special interests there so it can be expected that the treaty will soon be under strain, especially as Argentina and Chile are making rumbling noises about their "territorial rights". Dr. Laws says "we feel very strongly that in the next 10 years there is likely to be massive exploitation. This could have a lot of implications with regard to the Law of the Sea Conference and the proposed International Seabed Authority."

All of these notes having been sold, this announcement appears as a matter of record only.

# Union de Banques Arabes et Françaises - U.B.A.F.

## UNION DE BANQUES ARABES ET FRANÇAISES-U.B.A.F.

US \$ 25,000,000

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- THE ARAB INVESTMENT COMPANY, S.A. (Riyadh)
- BANKERS TRUST INTERNATIONAL LIMITED
- BANQUE FRANÇAISE DU COMMERCE ÉTRANGER
- CREDIT COMMERCIAL DE FRANCE
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- LIBYAN ARAB FOREIGN BANK
- NOMURA EUROPE N.Y.

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- UNITED OVERSEAS BANK S.A.
- URAN-ARAB JAPANESE FINANCE LTD.
- WESTDEUTSCHE LANDESBANK GROSZENTRALE

MARCH 24 1977

# SIEMENS

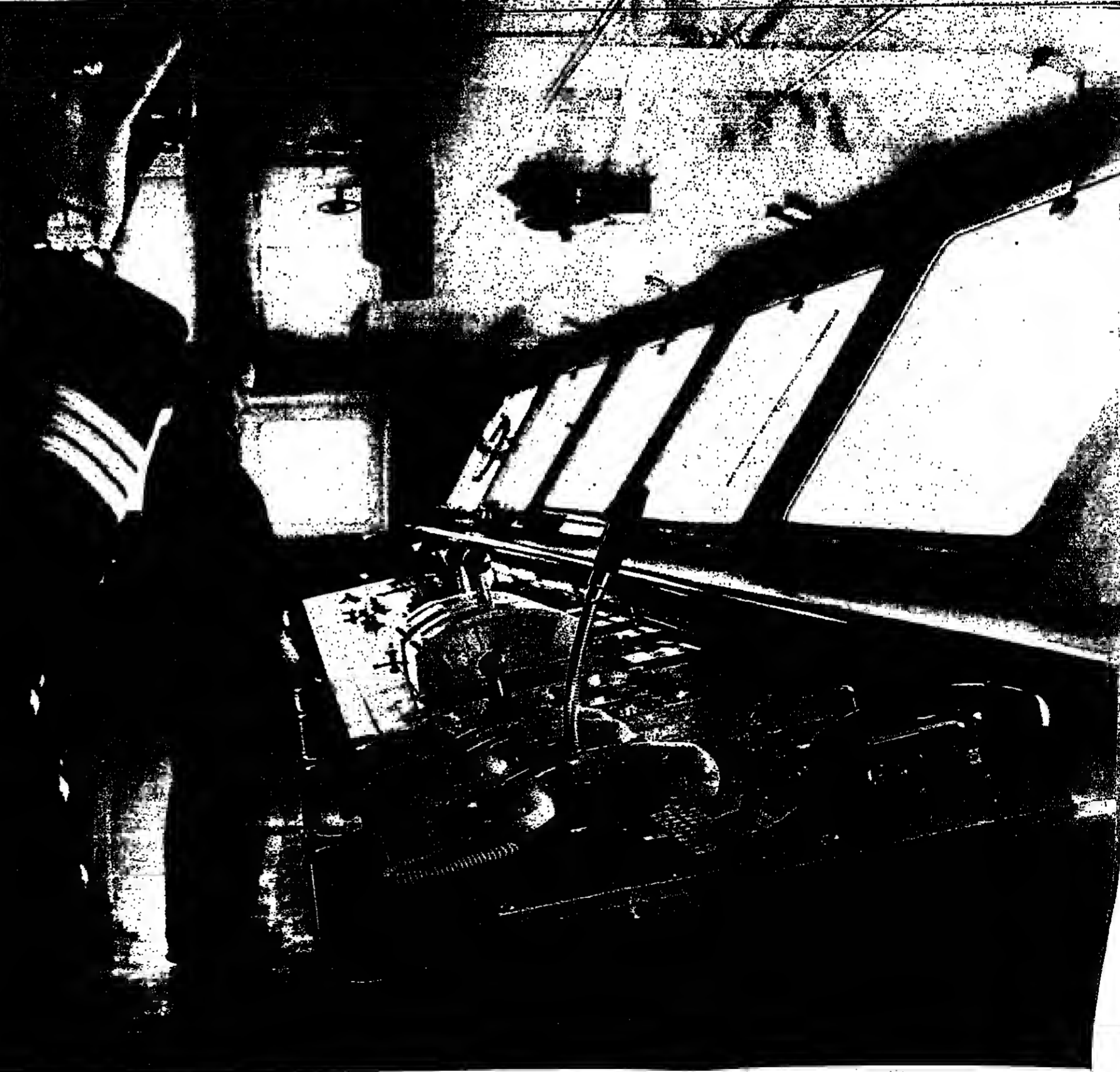
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AP Cement chief sees successful future

IN HIS annual statement, Mr. J. A. F. Binny, the chairman of Associated Portland Cement Manufacturers says that the group is very much alive and well. The construction industry is in a recession, particularly in the U.K., he tells members, but these cycles have occurred in the past and we shall pull out of this one in due course.

Pye encouraged by order intake

IN THE annual report of Pye Holdings, one of the most significant achievements of the chairman, the chairman of the company, Lord Tborneford, says that the medium and longer term outlook will be materially influenced by the decision to be taken by shareholders on the proposal for restructuring the group, with a view to concentrating its efforts mainly in the fields of professional electronics and specialised components.

Richard Clay starts well

THE CURRENT year has started on a strong note and should see some further improvement in the results of Richard Clay and Co. says Mr. John M. Clay, chairman, in his annual statement.

American Trust looks to the U.S.

As the potential of U.S. equities seems stronger than that of other markets, American Trust Company is continuing with the investment of a large part of its portfolio in that country, say the directors.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official notices are not available.

Table with columns: Company Name, Meeting Date, Location. Includes companies like Anglo-Siam, Anglo-Siam, Anglo-Siam.

Refuge Assurance invests in farming land

Mr. P. W. D. Smith, chairman of Refuge Assurance Company, reveals in his 1976 statement that investment in agricultural land started last year, the decision being based on the belief that land, and real estate whose supply is strictly limited, is more likely to maintain its real value during periods of inflation than other forms of investment.

Channel Islands & Intl.

Revenue for 1976 of Channel Islands and International Investment Trust fell from £137,200 to £125,728 before tax of £35,362, compared with £128,287.

British Steel Constructions

FOLLOWING an estimated pre-tax loss in excess of £1.2m British Steel Constructions (Birmingham) has reported an actual deficit of £1,415,254, compared with a profit of £174,250 for the year to October 31, 1975.

Channel Islands & Intl.

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SCOTTISH PROVIDENT Strong upward trend very encouraging Points from the Statement by the Chairman, Mr. M. D. Penland, C.A. New business The distinguishing feature of our new business figures for 1976 was the strong upward trend in ordinary annual premium income.

MONEY MARKET

Some interest rates ease

Bank of England Minimum Lending Rate 9 1/2 per cent. (since April 7, 1977) Interest rates showed minor changes in the London money market yesterday, with some small gains mixed with some small losses.

Table with columns: Term, Rate, and other financial data. Includes rows for overnight, 14 days, 1 month, 3 months, 6 months, 12 months.

# Good order position at Pittard Group

IN HIS ANNUAL statement, Mr. G. J. Pittard, chairman of leather tanners and dyers, Pittard Group, says that the order position in all group companies is substantially better than a year ago, although all factories have some spare capacity which is hoped to utilise in the near future.

To the present international business climate it would be imprudent to attempt an accurate prediction of the group's performance for 1977, he tells members, as many major problems are created by Governments of foreign countries, banning exports of raw hides and skins and subsidising exports of leather and leather goods.

Nevertheless, assuming that difficulties are not greater than in recent years there is reason to believe that results for the current year will be equal to or better than 1976.

As reported on March 18, the group achieved a record pre-tax profit of £17.5m. (£1m.) in 1976. Part of this is due to inflation says the chairman and in real terms, profits have only kept pace with the fall in value of money since the group was formed in 1973. Higher profit will be necessary for the company to continue or increase its investment in order to remain one of the foremost leather producers of the world, he declares.

cost of raw materials; in particular the price of U.K. hides which almost doubled. British, European and North American footwear and garment manufacturers were seriously affected by imports of Eastern European and developing countries; had this not been so, sales could have been substantially greater.

In addition, footwear manufacturers were adversely affected by the very long, dry, summer, but the order position has now substantially improved.

In 1976 it was possible to obtain advantageous terms for the purchase of the land (over five acres) and buildings of R. and A. Kahnslam, Beckenham (previously leased).

Including this purchase more than 3m. has been invested in buildings, plant and machinery during the last three years. During this time increased investment in stock and debtors was £2m.

These investments have been financed by retained profits and by short-term borrowing which still amounts to only some 25 per cent. of capital and reserves.

Meeting Yeovil on May 3 at 12.30 p.m.

## LAZARD PROPERTY UNIT

The Lazard Property Unit Trust has received a record subscription of £5m. as a result of its twentieth issue of units which closed on March 22. The trust, which now has a value of over £72m., will be seeking further first-class properties for its portfolio following this encouraging support from Pension Funds and Charities.

In March 1977, units were placed on two properties: an industrial estate in West London and an office building in the City, both of which it is confidently anticipated

will provide good performance in the future.

## Equity Income up midway

For the six months in February 28, 1977 Equity Income Trust reports revenue up from £229,344 to £256,212 subject to tax of £96,268 against £82,348. Net revenue for the last full year amounted to £319,132.

The net interim dividend is stepped up from 2.405p to 2.6p per 50p share — last year's final payment was 5.07p. The director's forecast a gross total of at least 12.3p (11.5p) for the current year.

Net asset value per share at February 28 was 182p (175p).

## Midway dip at Ellis & McHardy

Reduced demand for all types of fuel, partly because of good weather, resulted in a slight decrease in pre-tax profit, from £122,397 down to £117,269, for solid fuel distributors, etc., Ellis & McHardy in the six months to January 31, 1977. Sales were £4.36m. against £3.62m.

Stated earnings per 25p share were 4.89p (4.94p). Last year a single net dividend of 3.455p was paid from profit of £0.21m.

The trading profit was £161,400 (£164,222) and profit was struck after depreciation of £44,131 (£40,925).

## Scottish Amicable success

A SUCCESSFUL year was enjoyed by Scottish Amicable Life Assurance during 1976, according to chairman Sir Robert Fairbairn in the latest annual report and accounts. New annual premiums for individual business rose from £7.1m. in 1975 to £8.7m. in 1976 and group life pensions new annual premiums increased from £4m. to £4.5m.

But the highlight of the year was the Flexi-Plan policy for the self-employed which was launched last November. In the remaining six weeks of 1976, new policies were sold with annual premiums totalling £253,000 and in 1977 to date the annual premiums from this source have amounted to over £500,000.

At the end of 1976 the portfolio was spread as follows: £123m. in Government and other public securities; £130m. in company securities in the private sector; £54m. in property; and £32m. in mortgages and loans. The principal feature of the investment policy in 1976 was the £24m. invested in long-dated gilts. Added to the £25m. invested in 1975 and £9m. in January 1977; this makes a grand total of £58m. Purchases of ordinary shares accounted for £6m. of which £3.5m. was invested in the low price levels current in October. Around £3m. was put into property, mostly in developments nearing completion.

Scottish Amicable is anxious to emphasise that its investment timing has been better than the rest of the life assurance industry, where the tendency has been to buy at the top and to sell at the bottom of markets. For the record, Scottish Amicable now seems less keen on gilt-edged stocks but is not a seller.

The investment includes an explanation of the new tax system — as a result of the improvement in confidence the terminal bonus rates have now been reinstated to the December, 1975 level.

# Schroders

## Mr. Michael Verey, Chairman of Schroders Limited, reports on 1976



The Group had another successful year. The disclosed consolidated profit (after taxation and transfers to inner reserves), together with other surpluses credited to disclosed consolidated reserves, amounted to £6,555,000 compared with £6,230,000 in 1975. The disclosed profit of the banking and insurance subsidiaries was 24 per cent. higher than in 1975.

A maximum permitted final dividend is recommended, making a total for the year of 10.2425p per share compared with 9.3114p per share for 1975.

The earnings of J. Henry Schroder Wagg & Co. Limited exceeded last year's record level. The banking division's profits were higher than ever before. The investment division continued to be profitable. The company finance division made its highest contribution yet to the bank's results.

The Schroder Life Group's new business results overall were encouraging and Schroder Finance, now Schroder Leasing, had another record year. Schroder Computer Services achieved a further improvement in external income.

Earnings from the Group's operations in the United States improved significantly owing to increased revenues from virtually all service activities and from higher security profits. The volume of lending business expanded while record revenues were achieved in the portfolio management and investment banking areas.

In Switzerland, J. Henry Schroder Bank A.G. again achieved excellent results.

In Brussels, we and The Mitsubishi Trust and Banking Corporation each took a fifty per cent. interest in MTBC & Schroder Bank which opened in September, 1976.

In Australia, the Schroder, Darling Group was helped by declining short term interest rates to achieve a record pre-tax profit in the year to 30th June, 1976.

In Brazil, the Schroder-Monteiro Aranha companies continued to expand and we have remained active elsewhere in Latin America.

In the Far East, Schroders & Chartered enhanced its position in Hong Kong. Our Tokyo representative office continued to expand its activities. Group earnings from our Japanese business reached record levels. In October, 1976 we acquired an interest of just under twenty-five per cent. in Singapore International Merchant Bankers Limited.

In the Middle East, the Group expanded its activities satisfactorily and we acquired a shareholding in a new investment bank in Saudi Arabia. The Saudi Investment Banking Corporation.

Our associated company, Property Holdings International Limited, has been faced with difficulties. The sectors of the United States real estate market in which its projects principally did not show the improvement which had been looked for at the beginning of 1976.

After 43 years with the Group I am retiring at the Annual General Meeting on 4th May, 1977 when the Earl of Airlie will succeed me. I record my grateful thanks to all those who have worked or who now work for the Group.

## schroders

Group Companies, Associates and Representative Offices in: Argentina, Australia, Belgium, Bermuda, Brazil, Canada, The Cayman Islands, Colombia, France, Germany, Hong Kong, Japan, Lebanon, Saudi Arabia, Singapore, Switzerland, United Kingdom and United States of America.

If you would like a copy of the Schroders Limited Report and Accounts, please write to The Secretary, Schroders Limited, 120 Cheapside, London EC2V 8DS.

This announcement appears as a matter of record only.



daewoo  
\$20,000,000

## Daewoo Heavy Industries Limited

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Marine Midland Bank DG Bank Deutsche Genossenschaftsbank-Cayman Islands Branch J. Henry Schroder Wagg & Co. Limited The Royal Bank of Canada International Limited, Nassau Standard Chartered Bank Limited United California Bank Compagnie Financière de la Deutsche Bank AG Girard Trust Bank Iran Overseas Investment Bank Limited MTBC & Schroder Bank S.A. Pacific National Bank of Washington

advisor to the borrower

Korea Merchant Banking Corporation

agent

Marine Midland Bank

# Refuge assurance

STATEMENT BY THE CHAIRMAN, MR. P.W.D. SMITH.

To be presented at the Annual General Meeting to be held on 5th May 1977.

THE results set out in the Accounts show that 1976 was a satisfactory year for the Company. In spite of the ever increasing demands made on Management time by legislative regulations and proposals, good progress was made in all branches of our activities.

**Nationalisation**

At its 1976 Conference the Labour Party approved a National Executive Committee paper on Banking and Finance which included the proposal to nationalise seven named insurance companies. The Refuge was not amongst those named but there is no reason to doubt that the authors of the paper envisage nationalisation of the seven as just the first step towards State takeover of the whole industry. According to the resolution passed by the Conference, nationalisation is desirable "so that private savings can be utilised in a planned fashion for the regeneration of British industry." The suggestion that the expansion of British industry is hampered by lack of investment on the part of life offices and other financial institutions does not stand up to examination. The facts are that, in addition to the substantial amounts subscribed by way of Rights issues, plenty of money has been made available for use by industry through Finance for Industry and, more recently, Equity Capital for Industry. What is required is action by Government to create an economic framework within which industry can make profitable use of money which the institutions are ready and willing to provide on sound commercial terms. I hope that Sir Harold Wilson's Committee to review the functioning of Financial Institutions will have some useful suggestions to make and that its findings will put an end once and for all to calls for nationalisation, which I believe could only cause considerable damage to the Country's economy. Institutional funds are freely available to industry and commerce for viable projects. To channel these funds — whether by means of nationalisation, direction of investments, or in any other way — into projects which are basically unprofitable or unremunerative is quite inequitable and represents, in effect, a special impost discriminating against the thrifty members of the community who save through life assurance.

**The Bullock Committee**

The report of the Committee of Enquiry on Industrial Democracy has given a much more realistic and less ineffectual appreciation of the likely consequences for investors and for investment, should the majority recommendations be implemented. Shareholders would lose ultimate control over the management of the assets they have purchased and over the disposal of that part of the profit earned on those assets that can properly be regarded as distributable. There can be little doubt that the impact on share values and future dividends would seriously impair the interests of investors. Furthermore, abolition of existing rights on the scale here proposed amounts to expropriation of a substantial part of existing investment. This can only inhibit savers, and those such as ourselves who invest on their behalf, from subscribing the new capital that industry will require. However regrettable, this would inevitably result in increased cost to companies trying to raise finance.

**Life Assurance Premium Relief**

One of the many attractions of a life assurance policy is the tax relief for which the majority of policyholders are eligible. The 1976 Finance Act made provision for an alteration in the method of granting this relief.

Under the new system, from April 1979 the policyholder will obtain his relief by deduction

from the premium at the time of payment, the amount deducted being recovered subsequently by the Company from the Inland Revenue. This change transfers the burden of administration from the Revenue to the Life Offices and was justified by the Chancellor on the grounds of saving some 1,000 to 1,500 civil servants. No attempt seems to have been made to assess the additional work being placed on the Offices.

Even in the Ordinary Branch this will be considerable. In addition to the initial task of amending all policy records, including the problems associated with bank standing orders and direct debits, there will be a continuing administrative burden. This, however, pales into insignificance beside the enormous problems which these changes will present in the Industrial Branch where we and our staff will be faced with the formidable task of granting the appropriate relief on policies with relatively small premiums collected frequently and regularly at the homes of policyholders. The extra work generated must be many times greater than the amount saved.

**Investments**

After careful consideration early in the year it was decided that a modest portion of the life funds should be invested in agricultural land. This widening of the spread of investments reflects a belief that land, which is a real asset whose supply is strictly limited, is more likely than alternative forms of investment to maintain its value in real terms during a period of inflation. By the end of the year a total of 2,500 acres of good farming land in different parts of the country had been purchased. One farm is let to an experienced tenant farmer and the others are being farmed directly through agricultural agents. It is intended that further purchases will be made as and when suitable opportunities occur. A subsidiary company, Refuge Farms Limited, has been formed for the purpose of handling the direct farming operations.

The heavy demands of the Government's borrowing requirement and the all too well known economic problems associated with the value of the £, dictated that medium and long term interest rates were at very high levels throughout the year under review — too high to be acceptable to industrial borrowers. Consequently new issues of company loan capital were virtually non-existent and the gilt edged market claimed a major part of our new investment, to the extent of some £5 1/2 millions. In the private sector, numerous Rights issues, and a sharp set-back in prices during the autumn, provided opportunities to add some £5 millions to our ordinary share portfolio. The total invested assets of the Life Branches, as shown in the Balance Sheet, increased by £14.0 millions during the year to reach a total of £34.3 millions.

**Ordinary Branch**

Although the number of new policies issued was slightly less than in 1975, new annual premiums showed an increase of nearly 8%. The total income received during the year from renewable premium business was 6% higher than in 1975. The total expenses increased by almost 10% to £3,562,000 and amounted to 23.8% of the premium income (including consideration for annuities) compared with 22.8% in 1975. The investment income increased by £1.9 million and the gross interest yield on the Life Fund rose from 9.53% to 10.85%.

Following the annual valuation of the Life Fund, increased reversionary bonuses have been declared as set out in the Directors' Report. In addition, terminal bonuses have been significantly increased for longer term policies becoming claims during the next 12 months.

**Industrial Branch**

The sums assured by new policies were 11% higher than in 1975, whilst new annual premiums increased by nearly 14%. The total premium income was 9 1/2% higher than in 1975, but expenses increased by over 13% and amounted to 47.5% of the premium income compared with 46.3% in 1975. The investment income increased by £1.7 million to give a gross interest yield on the Life Fund of 10.18% compared with 9.43% in 1975.

An increased rate of reversionary bonus has been declared and, in addition, a terminal bonus on similar lines to that applicable in the Ordinary Branch has been introduced for claims within the 12 months commencing 1st April 1977.

**Fire and Accident Branch**

Net premiums were 22% higher than in the previous year whilst the total expenses, including commission, rose by 23%.

Motor premium rates were increased by some 25% on 1st March 1976, but even so the motor account has produced a small underwriting loss of £2,000, compared with a profit of £36,000 for 1975. Premium rates have remained unchanged for over twelve months but an increase of 12% will be implemented on 1st May 1977.

One of the main areas of concern during 1976 has been the deterioration of the claims experience for Employers' Liability business, largely due to high awards by the Courts, particularly in Northern Ireland. The liability account was £56,000 compared with a profit of £4,000 in 1975. Remedial action is being taken.

The Property Account underwriting loss of £89,000 compares with a loss of £56,000 for 1975. There are still too many sums insured below their proper levels; efforts to guide policyholders to adequate amounts are being continued and intensified.

Overall there was an underwriting loss of £120,000 compared with last year's £18,000 profit. After investment income and tax, however, the net profit is unchanged at £118,000 of which £30,000 has been transferred to Profit and Loss Account.

**Profit and Loss Account**

The balance of £268,000 brought forward from the previous year was reduced by £38,000 to meet the cost of the bonus issue to which I referred in my statement a year ago. The total amount transferred to the Profit and Loss account in 1976 is £200,000 more than in the previous year. After provision for payment of a final dividend of 6.628p per share, making a total for the year of 7.2528p per share which is the maximum permitted by legislation, the balance of profit carried forward is £429,000.

**Conclusion**

The difficulty of achieving sufficient growth in premium income to absorb the increase in expenses resulting from a high level of inflation continues to be our greatest single problem. In both Life Branches the expense ratio was higher in 1976 than in the previous year despite strenuous efforts to economise. Against this background it is a source of constant irritation that so much time has to be spent on studying new legislative proposals. The report of the Bullock Committee, to which I have already referred, contains doctrinaire proposals designed to create wider participation in the management and control of every major commercial and industrial undertaking in this country. The concept of a single team representing all shades of opinion within the enterprise and working together for the common good — in our case, for the good of shareholders, policyholders and staff — is highly attractive, but it is not a state of affairs which can be achieved overnight by Act of Parliament. Our experience is that co-operation within the Company is something which grows, slowly but surely, as a result of long hours of patient and frank discussion. One example of the outcome of consultation between representatives of Management and Unions is the work of the Joint Investigating Committee to which I referred a year ago. I hope that Management and Unions can continue to meet together with a common desire to find acceptable solutions to the Company's problems, and that the atmosphere of mutual respect and understanding which now prevails will not be frustrated by enforced compliance with hasty and ill-designed legislation.

The Company's overall results for 1976 show a significant improvement over 1975 and I wish to record the Board's sincere thanks to all who contributed in any way. It is too early to forecast what will happen in 1977, but provided the impetus we had in 1976 is not lost we can look forward to another year of progress together.

**REFUGE ASSURANCE COMPANY LIMITED**  
Chief Office (and Registered Office) Oxford Street, Manchester M60 7HA  
Registered Number 1364C (England)

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DIVISION  
SHEETFIELD  
SHARI STA  
HMI

MINING NEWS

RTZ comes to terms with Indonesia

Mr. R. D. Melville, chairman and managing director of London and Dominion Trust U.K., has been appointed a director of STANDARD CHARTERED MERCHANT BANK.

Falconbridge's \$500m. Chile copper deal

A TEAM of experts from Canada's Falconbridge Nickel has arrived in Chile to carry out prospecting work on the Quebrada Blanca copper deposit in northern Chile.

APPOINTMENTS

Group post at Standard Chartered

Mr. R. D. Melville, chairman and managing director of London and Dominion Trust U.K., has been appointed a director of STANDARD CHARTERED MERCHANT BANK.

Mine unions and Chamber in dispute

A FORMAL dispute now exists between the Chamber of Mines in South Africa and the (white) Council of Mining Unions there.

Malayan Tin is doing well

The group's latest output figures for the first 10 months of 1976 compared below.

Table with columns: Mar., Feb., Jan., Total, % of 1975-76. Rows include Malaya, Indonesia, and other regions.

MINING BRIEFS

GOLD AND BASE-Output of concentrates for February 1977.

IDS AND DEALS

ITT offer for Bridgewater well below asset value

Child Investment Trusts' offer for Bridgewater is being opposed by the Board on the basis that the 200p cash offer is considered inadequate.

NATIONAL FREIGHT CO. EXPANDS

London Distribution Services Company - N. Francis and Company - has expanded with the absorption of the London depot of Hanson Haulage.

WELLMAN ENG.

Wellman Engineering Corporation has acquired Service International of Cheshire, and in future the company will be known as Wellman Processors.

DIXONS. PHOTO

The offers by Dixons Photographic to acquire the outstanding Preference shares in certain group companies have been accepted.

Trident Life pensions

Trident Life Assurance has entered the self-employed pensions market with the launch of its Individual Pension Plan.

SHEFFIELD BRICK

The Board of Raine Engineering Industries announces that acceptances of the offer for Sheffield Brick have been received.

HME

Acceptances of Harrisons Malaysia Estates share exchange offers for London Assets and Patsing have now been received.

SHARE STAKES

George Williamson now holds a total of 195,836 shares in Romal.

ED & MALLIK

Edwards and Tomkins offer for London Assets and Patsing have now been received.

SPACHS

Ernst Sachs, the German industrialist, will have transferred 300 shares in the firm and Nettelfolds to company.

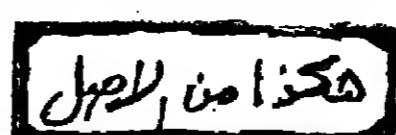
Chemical New York Corporation and Subsidiaries including Chemical Bank

CONSOLIDATED STATEMENT OF CONDITION AT DECEMBER 31, 1976. Assets: Cash and Due from Banks \$ 2,711,476,000. Liabilities: Deposits \$ 6,716,811,000. Total Assets \$26,613,774,000.

CHEMICAL BANK

OUR WORLDWIDE NETWORK: Bahrain, Beirut, Birmingham, Bogota, Brussels, Buenos Aires, Cairo, Caracas, Channel Islands, Chicago, Dubai, Edinburgh, Frankfurt, Hong Kong, Jakarta, London, Madrid, Manila, Mexico City, Milan, Monrovia, Nassau, Paris, Rio de Janeiro, Rome, San Francisco, Sao Paulo, Singapore, Sydney, Taipei, Tehran, Tokyo, Toronto, Vienna, Zurich.





L172bn. loss by Montedison

BY PAUL BETTS MILAN, April 12. A week before its crucial general meeting...

Du Pont sees poor quarter

BY STEWART FLEMING IN NEW YORK. DU PONT, the largest U.S. chemical company...

Upturn at Bancal

BANCAL TRI-State, parent company of the Bank of California...

GE earnings rise 25%

GENERAL ELECTRIC, the world's largest producer of industrial and consumer electrical equipment...

Further setback at Int. Paper

INTERNATIONAL PAPER, the world's largest paper maker, accounting according to brokers...

GE pulls out of Claude takeover

THE BIG left-wing gains made in last month's French municipal elections are already beginning to affect the investment plans...

Sharp rise in profit at Thomson-CSF

THOMSON-CSF, the large French electronics and telecommunications group...

Record profits for Air India

NEW DELHI, April 12. AIR INDIA, the Government-owned international airline...

BHF beats the banking trend

FRANKFURT, April 12. INTEREST MARGINS came under severe pressure in West Germany last year...

Han Yung \$25m. loan

SINGAPORE, April 12. A CONSORTIUM OF 13 international banks has provided a \$25m. Asian dollar loan...

Telemecanique lifts dividend

TELEMECANIQUE ELECTRIQUE, the important French electrical and electronic components company...

AP expects recovery

LISBON, April 12. PORTUGAL'S NATIONAL air-line suffered a loss of devaluation of the Escudo...

Activity in dollar sector

THE U.S. dollar sector was active yesterday with prices for anything steady or a shade firmer in first time dealings...

Philippine denial

PHILIPPINE PRESIDENT Ferdinand Marcos denied local speculation that the Central Bank plans to close down more Philippine commercial banks...

Australian gas proposal

CANBERRA, April 12. THE STATE Government of South Australia is attempting to form a consortium...

COMPAGNIE BANCAIRE Societe Anonyme. NOTICE OF ANNUAL GENERAL MEETING. Shareholders of Compagnie Bancaire are informed that the annual general meeting will be held at 3 p.m. on Wednesday 4th May 1977...

Blue Circle SA completes H. Davies purchase. JOHANNESBURG, April 12. BLUE CIRCLE South Africa in business, which last year included orders for mine locomotives from Bolivia...

\$10,000,000 Autoridad Portuaria de Guayaquil (Guayaquil Port Authority) Eight-Year Loan Guaranteed by the Republic of Ecuador. Managed by Smith Barney, Harris Upham & Co. Provided by BNS International (Panama) S.A. International Bank for Reconstruction and Development.

# WALL STREET OVERSEAS MARKETS + FOREIGN EXCHANGE

## Early 9.6 rise on quarterly earnings

### BY OUR WALL STREET CORRESPONDENT

FURTHER SHARP gains were to \$57 1/2, despite reporting lower scores on Wall Street to day, attributed to better than expected first quarter earnings reports by leading industrial corporations.

By mid-day, the Dow Jones Industrial Average was up a further 9.57 to 933.77, the NYSE All Common Index was 43 cents higher at 84.21, while rises

outscored losses by about a four-to-one ratio. Trading volume 10.83 m. shares.

But analysts cautioned there are still some uncertainties hanging over the stock market, such as the recent progress of inflation and the fate of Congress President Carter's Stimulus Plan.

The White House said yesterday it will present its Anti-Inflation Program to the President.

General Electric moved up \$1 1/2 at 85 1/2—its first quarter sales and earnings were up "sharply" from a year ago.

Du Pont added another \$1 1/2 at \$127 on its better than expected first quarter earnings estimate.

General Motors rose \$1 to \$69 1/2. It is discontinuing research and development work on the rotary engine.

Xerox put up \$1 1/2 to \$48 1/2 and Schlumberger \$1 to \$62 1/2.

Goodrich advanced \$1 to \$32 1/2 and Reynolds Metals \$1 1/2 to \$41 1/2.

International Paper was up \$1 1/2 to \$37 1/2.

Closing prices and market reports were not available for this edition.

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## Capital Gains Tax

Among Banks, Deutsche Bank moved up DM2.2 to DM2.29. BMW moved up DM2.70 to DM2.75. Led Motors heavily offered at 91. Bot there was some light buying of Utilities.

JOHANNESBURG Gold shares were basically firmer in quiet dealing.

Financial Minings were mixed. Coppers were occasionally lower, with Platinum 5 cents lower. Platinum also lost ground but manganese issues were slightly harder.

PLAZA rose to 100.00, with a fairly low turnover, with lack of buying interest counteracting initial firmness.

Investors are generally hesitant ahead of President Carter's Anti-Inflation Plan due to the widespread fear of a further 50m, in support of the dollar yesterday, and there was further official buying of dollars in international dealings.

The Bank of England index for sterling fell to 115.6, values are for currencies against the spot calculated by the International Monetary Fund in Washington.

Other Markets: Canadian Stock Markets also moved up yesterday, with only Golds, down 10.2 to 1048.3 on moving against the general trend.

The Metals and Minerals Index rose 0.4 to 115.2. Oil and Gas 1.3 to 110.9, Utilities 0.6 to 114.5 and Sales 0.5 to 220.0.

GRAFFON: General Motors rose \$1 to \$69 1/2. It is discontinuing research and development work on the rotary engine.

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## SPAIN—Most sectors depressed

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## DEUTSCHE MARK

The U.S. dollar came under at noon. Canadian dollars rose to pressure against a number of major European currencies and the Japanese yen in the foreign exchange market yesterday, and received official support. Sterling showed a modest gain on balance against the dollar, closing at \$1.712-1.718, against Thursday's \$1.715-1.718, in fairly good business in which the Bank of England appeared to intervene to prevent the pound rising further.

A strong demand for the yen during dealings in Tokyo helped to unsettle the European and U.S. markets. The dollar, notably, came under fire from New York on the entry of that centre. Some reports from Tokyo suggested that the Japanese authorities had bought a further \$70m, in support of the dollar yesterday, and there was further official buying of dollars in international dealings.

The Bank of England index for sterling fell to 115.6, values are for currencies against the spot calculated by the International Monetary Fund in Washington.

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## GOLD MARKET

Gold Bullion (one ounce) \$149.1-150.1

Gold Bars (100g) \$148.5-149.5

Gold Coins (100g) \$148.0-149.0

Gold Jewellery (100g) \$147.5-148.5

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## Indices

### NEW YORK—DOW JONES

Apr. 11	Apr. 8	Apr. 7	Apr. 6	Apr. 5	Apr. 4	Apr. 1	1977	1976
Industrial	924.10	918.81	914.75	916.14	918.58	927.58	933.77	114.75
Home Ind.	94.30	94.11	94.04	94.01	94.04	94.04	94.04	114.75
Transport	228.70	228.86	228.77	228.17	228.40	228.51	228.51	114.75
Utilities	107.11	107.07	107.14	106.99	107.29	108.48	108.48	114.75

Trading vol. 10.83 m. shares.

Standard and Poors

Apr. 11	Apr. 8	Apr. 7	Apr. 6	Apr. 5	Apr. 4	Apr. 1	1977	1976
Industrial	108.98	108.27	108.72	108.87	108.88	108.88	115.2	115.2
Composite	98.88	98.88	97.41	98.01	98.23	98.25	104.83	104.83

Long Govt. Bond yield 7.75

Table with columns for Gold, Silver, and various international exchange rates.

TRADING AND RAW MATERIALS

BP moves into straw processing

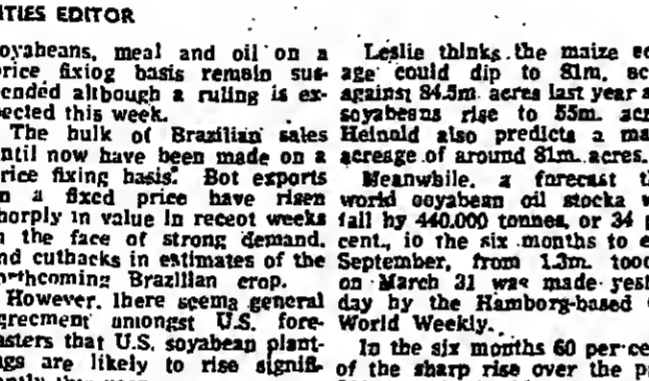
NUTRITION (U.K.) has reached agreement in principle with the partners of Broughton Enterprises to purchase a controlling interest in the Broughton straw processing plant...

India continues to take goods cash subsidy

INDIAN Government is to announce its cash subsidy scheme for the year 1976-77...

Cocoa prices collapse after early gains

COCOA PRICES collapsed in late dealings on the London market yesterday after rising sharply at the opening...



Soya markets continue to soar

SOYABEAN MEAL FUTURES soared sharply on the London market yesterday catching up with the price rises in Chicago over the holiday period...

Copper stocks fall halted

THE FIRST rise in copper stocks held in London Metal Exchange warehouses, after five successive weekly declines...

NICKEL SUPPLIES

Battle for market supremacy

BY DONALD NORDBERG IN NEW YORK THE BATTLE among nickel producers for market shares has heated up again in the past two weeks...

Minister warns of herring shortage

HERRING COULD become a luxury in the next few years unless conservation measures were more successful...

Problems over India's tea export duty

INDIA'S IMPOSITION of an export duty on tea has caused some uncertainty for exporters, especially those who have concluded contracts with foreign buyers before the duty announcement...

COMMODITY MARKET REPORTS AND PRICES

Table listing prices for various commodities including metals, grains, and oils.

PRICE CHANGES

Table showing price changes for various metals and commodities.

U.S. Markets

Table showing U.S. market prices for silver, gold, and coffee.

AUSTRALIA

OBERT HOWES AND ASSOCIATES PTY. LTD. IS AUSTRALIA'S LEADING COMMODITY BROKER AND BULLION DEALER...

COFFEE

Private forecasters Conrad Leslie and Heindl Commodities and livestock dealers both predict a switch out of corn (maize) to soybeans because of the changed price relationship compared with last year...

SUGAR

LEADERS DAILY PRICE (raw sugar) 118.00 (118.00) a tonne of 480 lb...

RUBBER

LOWER opening on the physical market. Quiet throughout the day...

WOOL FUTURES

LONGER-DULL AND FEATURLESS. RATHER REPORTS.

SOYABEAN MEAL

MARKET opened firm-up due to Chicago and followed through on good opening...

GRAINS

THE BALTYC imported grain market largely flat with prices showing small irregular movements...

COCOA

MARKET opened firm-up due to Chicago and followed through on good opening...

MEAT/VEGETABLES

SMITHFIELD (meat) prices: Bacon 23.00, Beef 22.00, Lamb 21.00...

COTTON

COTTON, Liverpool - Spot and shipment sales amounted to 22,000 bales...

FINANCIAL TIMES

April 12 April 13 April 14 Year ago

REUTERS

April 12 April 13 April 14 Year ago

DOW JONES

Low April April Month Year ago

MOODY'S

Moody's April April Month Year ago

U.S. REAFFIRMED OPTIONS RULE

WASHINGTON, April 12 THE COMMODITY Futures Trading Commission has reaffirmed a decision to enforce from April 25 the double segregation rule...

URICH 2 HOLIDAY INN HOTELS

URICH, Switzerland's largest town (right in the centre of Europe) has 2 Holiday Inn hotels...

HOLIDAY INN MÖVENPICK

INTERNATIONAL HOTEL GROUP U.S. CO. INC. Daily price April 11 174.42 (181.80)...

STOCK EXCHANGE REPORT

Profit-taking and lack of support undermine Gilts Equities quietly firm in thin trade—Index up 4.9 at 407.9

Account Dealing Dates
First Dealing Last Account
Dealings thin Dealings Day
Mar. 28 Apr. 6 Apr. 7 Apr. 20
Apr. 12 Apr. 21 Apr. 22 May 3
Apr. 25 May 5 May 16

entirely ruled out. Nevertheless, further occasional sales from holders still with profits found trading conditions after the holiday rather thin and quotations drifted lower consistently. The lower maturities were affected most and several high-yield issues closed at the day's lowest with losses extending to a full point. Shorter issues were sometimes a shade above the worst and rarely more than 1/2 lower.

where, the Engineering majors made modest progress in this trading. Hawker hardened 5 to 58p and Taber was 2 dearer at 37p 1/2. Firm secondary issues were featured by Taylor, Fallister, 5 higher at 50p following the results, and Babcock and Wilcox, 3 up at 84p on Press predictions of bumper profits when the company reports its annual figures today.

Hotels and Caterers closed with widespread small gains, partly reflecting Press comment. Trust Houses Forte edged up 3 to 131p, while similar rises were seen in Kers 12 1/2. Add International was 3 dearer at 19p, mirroring the rise of the sale of the company's Chelsea Hotel, Sloana Street, for £6m. to Rangate Ltd.

lively lively trade in the leaders and British Petroleum rose steadily to close 20p higher at 520p helped by Wall Street influences. Shell advanced 6 to 488p and Bunnah 4 to 65p, while overseas and dollar premium factors continued to aid Royal Dutch.

Investment in the Property sector remained at a low ebb. MEPC closed a shade lower at 80p despite Press comment about the possibility of an imminent offer for its Canadian offshoot. Other leaders to ease a penny or so included Land Securities, 16 1/2p, and Stock Conversion, 17 1/2p. Elsewhere, speculative demand prompted a gain of 8 to 75p in Property Investment and Finance, but Great Portland Estates were on offer for £100m.

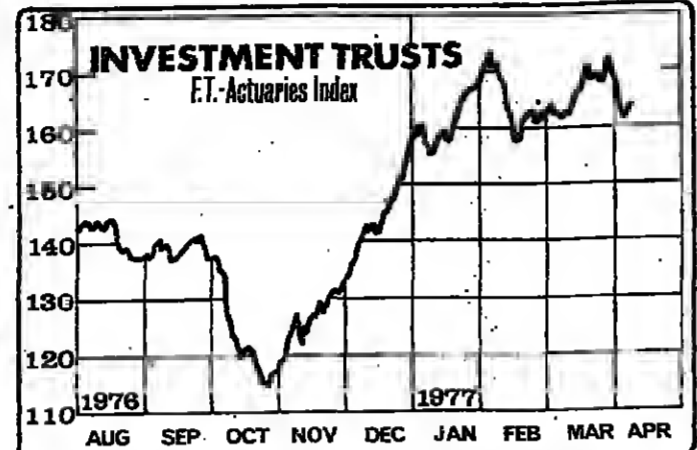


Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Secs, Fixed Interest, Industrial Ordinary, Gold Mines, etc., with columns for different dates and values.

Table titled 'HIGHS AND LOWS' and 'S.E. ACTIVE' showing high and low prices for various stocks and active shares.

ENTERTAINMENT GUIDE

Opera & Ballet
Theatres
Theatres
Theatres
Theatres
Theatres
Theatres
Theatres
Theatres
Theatres
Theatres

RECENT ISSUES

Table with multiple sections: EQUITIES, FIXED INTEREST STOCKS, 'RIGHTS' OFFERS, ACTIVE STOCKS, and OPTIONS TRADED. Each section lists various stocks and their recent performance.

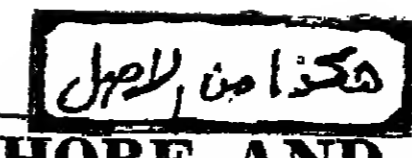
FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table titled 'EQUITY GROUPS' and 'FIXED INTEREST' showing share indices for various equity and fixed interest groups, with columns for index values and changes.

Vertical text on the right edge of the page, including 'AUTHOR', 'ART GAL', and 'CLUBS'.





AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

ES STOCK... RISES AND YESTER... RE INDIC... Times the Institute... 1977

Table of Authorised Unit Trusts with columns for Trust Name, Manager, and various performance metrics.

Table of Offshore and Overseas Funds with columns for Fund Name, Manager, and various performance metrics.

BASE LENDING RATES table listing various banks and their respective interest rates.

INSURANCE, PROPERTY, BONDS advertisement with a list of insurance providers and their services.

INSURANCE BASE RATES advertisement with a table of rates for various insurance policies.

FT SHARE INFORMATION SERVICE

BE The British Engineers RIVETING SYSTEMS PARTS FEEDING AND ASSEMBLY SYSTEMS OTHER AIDS TO INCREASED PRODUCTIVITY Send for 'The Guide to the BE Group' Illustrated Engineering Ltd. P.O. Box 2, Mandeville Road, Aylesbury, Bucks HP21 8AB Tel: Aylesbury (0296) 5911

INDUSTRIALS - Continued

\*BRITISH FUNDS

Table with columns: High, Low, Stock, Div, Yld, etc. Lists various fund names and their performance metrics.

Shorts (Lives up to Five Years)

Table listing short-term investments with columns for High, Low, Stock, Div, Yld, etc.

Five to Fifteen Years

Table listing medium-term investments with columns for High, Low, Stock, Div, Yld, etc.

Over Fifteen Years

Table listing long-term investments with columns for High, Low, Stock, Div, Yld, etc.

Undated

Table listing undated investments with columns for High, Low, Stock, Div, Yld, etc.

\*INTERNATIONAL BANK

Table listing international bank shares with columns for High, Low, Stock, Div, Yld, etc.

\*CORPORATION LOANS

Table listing corporation loans with columns for High, Low, Stock, Div, Yld, etc.

COMMONWEALTH & AFRICAN LOANS

Table listing commonwealth and african loans with columns for High, Low, Stock, Div, Yld, etc.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rails with columns for High, Low, Stock, Div, Yld, etc.

AMERICANS

Table listing american stocks with columns for High, Low, Stock, Div, Yld, etc.

CANADIANS

Table listing canadian stocks with columns for High, Low, Stock, Div, Yld, etc.

BANKS AND HIRE PURCHASE

Table listing banks and hire purchase companies with columns for High, Low, Stock, Div, Yld, etc.

Hire Purchase, etc.

Table listing hire purchase and other services with columns for High, Low, Stock, Div, Yld, etc.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit companies with columns for High, Low, Stock, Div, Yld, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building industry, timber, and roads companies with columns for High, Low, Stock, Div, Yld, etc.

BUILDING INDUSTRY - Continued

Table listing building industry companies with columns for High, Low, Stock, Div, Yld, etc.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for High, Low, Stock, Div, Yld, etc.

CINEMAS, THEATRES AND TV

Table listing cinema, theatre, and TV companies with columns for High, Low, Stock, Div, Yld, etc.

DRAPERY AND STORES

Table listing drapery and store companies with columns for High, Low, Stock, Div, Yld, etc.

DRAPERY AND STORES - Continued

Table listing drapery and store companies with columns for High, Low, Stock, Div, Yld, etc.

DRAPERY AND STORES - Continued

Table listing drapery and store companies with columns for High, Low, Stock, Div, Yld, etc.

ELECTRICAL AND RADIO

Table listing electrical and radio companies with columns for High, Low, Stock, Div, Yld, etc.

ENGINEERING, MACHINE TOOLS

Table listing engineering and machine tool companies with columns for High, Low, Stock, Div, Yld, etc.

ENGINEERING - Continued

Table listing engineering companies with columns for High, Low, Stock, Div, Yld, etc.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other companies with columns for High, Low, Stock, Div, Yld, etc.

HOTELS AND CATERERS

Table listing hotel and catering companies with columns for High, Low, Stock, Div, Yld, etc.

INDUSTRIALS (Miscellaneous)

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Div, Yld, etc.

ENGINEERING - Continued

Table listing engineering companies with columns for High, Low, Stock, Div, Yld, etc.

INDUSTRIALS - Continued

Table listing industrial companies with columns for High, Low, Stock, Div, Yld, etc.

INDUSTRIALS - Continued

Table listing industrial companies with columns for High, Low, Stock, Div, Yld, etc.

INDUSTRIALS - Continued

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INDUSTRIALS - Continued

Table listing industrial companies with columns for High, Low, Stock, Div, Yld, etc.

INDUSTRIALS - Continued

Table listing industrial companies with columns for High, Low, Stock, Div, Yld, etc.

Conversion factor 0.6937 (0.6939)

Handwritten note: Jy 10 1970

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DAIWA SECURITIES

MINES-Continued CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

Regional Markets

IRISH

O.F.S.

FINANCE

DIAMOND AND PLATINUM

OPTIONS

3-month Call rates

A selection of Options traded in the London Stock Exchange Report page

TRUSTS-Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

Sri Lanka

AFRICA

MINES CENTRAL RAND

EASTERN RAND

FAR WEST RAND

FINANCE

DIAMOND AND PLATINUM

OPTIONS

3-month Call rates

A selection of Options traded in the London Stock Exchange Report page

PROPERTY-Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICAN

TEXTILES

PAPER, PRINTING, ADVERTISING

PROPERTY

TOBACCO

TRUSTS, FINANCE, LAND

FINANCE

DIAMOND AND PLATINUM

OPTIONS

3-month Call rates

A selection of Options traded in the London Stock Exchange Report page

MOTORS, AIRCRAFT TRADES

Commercial Vehicle

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

TOBACCO

TRUSTS, FINANCE, LAND

FINANCE

DIAMOND AND PLATINUM

OPTIONS

3-month Call rates

A selection of Options traded in the London Stock Exchange Report page

A selection of Options traded in the London Stock Exchange Report page

INDUSTRIALS-Continued

INDUSTRIALS-Continued



NUT adopts secret ballot for elections

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ACTION TO stop Left-wingers... Another opponent—Mr. John Esterson of Lambeth—said that not one of the 1,500 members of his branch had expressed support for obligatory ballots.

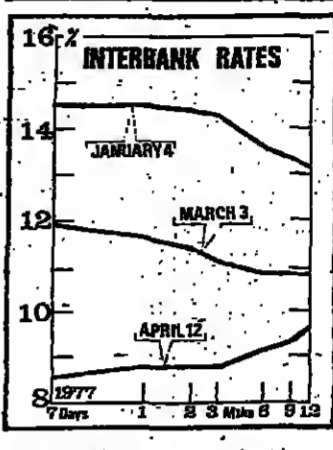
Capri production switched back to Halewood

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. plans to restart production of the Capri at its Halewood plant in Liverpool only about a year after manufacturing was moved to Germany to help the British factory step out of the Escort.

THE LEX COLUMN Changing structure of money rates

Index rose 4.9 to 407.9



Since last autumn the very short-term yield curve—covering terms up to a year or so—has been showing an anomalous downward slope, indicating the money market's expectation that interest rates were likely to fall.

Post Office to seek EEC grant for retraining technicians

BY MAX WILKINSON

THE POST OFFICE will ask the European Economic Community Social Fund for financial help with the retraining of technicians whose jobs are threatened by new technology.

General Motors halts Wankel development

BY STEWART FLEMING

GENERAL MOTORS, the leading U.S. car manufacturer, is stopping all research and development work on the Wankel rotary engine, the company said today.

Traded options

The possibility of establishing a traded options market in London is again under discussion. The question is whether the latest proposals represent a sensible all-British compromise following the failure of ambitious plans to set up a Chicago-style market in London.

Owen claims wide agreement

MAPUTO, April 12

DR. DAVID OWEN, Foreign Secretary, this evening ended a day of talks with leaders of the African "front-line" states, and declared himself surprised by "the great amount of unanimity in the points of view exchanged."

Schroders to pay man who resigned £58,000

BY MICHAEL LAFFERTY, CITY STAFF

SCHROEDERS, the City merchant banking group, is to make a \$100,000 (£58,000) ex gratia payment to Dr. James Wolfensohn.

Yen rises against dollar

Continued from Page 1

clearly beginning to feel the pinch. Guesses about future movements of the yen rate vary widely but one school of thought holds that it could touch a level of 31 to 3200 between now and the London summit meeting, though probably only briefly.

Irish Ministers debate prison hunger strike

BY GILES MERRITT

MR. LIAM COSGRAVE, the Irish Prime Minister, yesterday met senior Ministers to discuss the looming confrontation between the Dublin Government and the Provisional Republican movement.

Transferred

DUBLIN, April 12

In Belfast, Provisional IRA sources are making it plain that they consider they are fighting a "war on two fronts"—against the British presence in Ulster and, increasingly, against the Dublin authorities.

Weather

U.K. TO-DAY OCCASIONAL rain, cold in the North. London, S. England, Channel, S. Wales.

Table with columns for City, Day, and Temperature. Includes cities like Amsterdam, Athens, Berlin, etc.

HOLIDAY RESORTS

Table with columns for City, Day, and Temperature. Includes resorts like Alicante, Algarve, Amalfi, etc.



What would it cost to lose your sight?

Possibly your independence. Probably your career. Perhaps your own security and that of your family. And certainly your peace of mind.

RNIB ROYAL NATIONAL INSTITUTE FOR THE BLIND. 224 GREAT PORTLAND STREET, LONDON W1G. Under the Finance Act 1975, requests to charities up to a total of £100,000 are exempt from Capital Transfer Tax.